Austria	Sch30	Iran	[illegible]	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.50	Philippines	[illegible]
Belgium	BFr60	Italy	L2200	Poland	Zl 15,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	[illegible]	Kuwait	[illegible]	S.Arabia	[illegible]
Finland	[illegible]	Lebanon	L£1,000	Singapore	S$4.10
France	[illegible]	Lux	LFr60	Spain	Pta175
Germany	[illegible]	Malta	45 cents	Sweden	SKr13
Greece	[illegible]	Morocco	[illegible]	Switz	SFr2.70
Hungary	[illegible]	Neth	[illegible]	Thailand	[illegible]
Iceland	[illegible]	Nigeria	[illegible]	Tunisia	[illegible]
India	Rs20	Norway	[illegible]	Turkey	[illegible]
Indonesia	[illegible]	Oman	OR1.20	UAE	[illegible]

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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Wednesday August 28 1991

D 8523A

CARS

Japan drives hard into US market

Page 11

World News

Yugoslav war fears grow as army meets Croats

Yugoslavia's federal army was last night involved in unprecedented talks with the rebel republic of Croatia, fuelling speculation that the army may take the offensive if the Croatian government goes ahead today with orders for a general mobilisation against Serb nationalists.

The talks came as European Community foreign ministers met in Brussels, where they were under increasing pressure from German foreign minister Hans-Dietrich Genscher to recognise Slovenia and Croatia as independent. Page 10

Israel 'blocks progress'

Iran's envoy to the United Nations accused Israel of blocking progress towards solving the Middle East hostage problem. Kamal Kharazi said he had no information about seven Israeli soldiers missing in Lebanon, but in Beirut, the Amal militia said it had the remains of two Israeli servicemen. Page 4

Safe conduct for Aoun

Lebanon's government granted rebel Christian militia Gen Michel Aoun safe conduct, enabling him leave the French embassy in Beirut for political asylum in France. Aoun fled to the embassy when Syrian-backed forces attacked his stronghold last October.

South Africa oil plan

South Africa said it would sell over R1bn ($350m) of oil reserves to fund community-based projects aimed at stimulating the economy and creating jobs in underprivileged areas.

Bofors probe

India's supreme court cleared the way for investigations to reopen into allegations that Swedish arms-maker Bofors gave bribes to win a $1.4bn contract in the mid-1980s. Page 10

Kashmir clashes

At least two Indian soldiers have died in five days of fighting with Pakistani troops near a village on their ceasefire line in Kashmir state, Indian army sources said. Both sides said firing was still going on.

Democracy conference

Democracy delegates in Lomé defied presidential orders by electing a new Togo prime minister and stripping President Gnassingbe Eyadema of most of his powers. Troops sent to ring the conference hotel did not interfere.

Pact on bases signed

The Philippines and the US signed a treaty allowing the US to go on using the Subic Bay naval base for 10 more years at a cost of $203m a year. Several US senators are likely to vote against ratifying the pact. Page 5

Ecuador-US deal

The US signed an agreement with Quito to fight drug trafficking in Ecuador, which is used as a transit country between farms in Peru and Bolivia and drug laboratories in Colombia.

Back in business

Kuwait's biggest oil refinery, at Mina al-Ahmadi, resumed operations for the first time since last summer's Iraqi invasion. Page 4

Bird downed jet

A $30m US Marine Corps jet crashed in South Carolina last year after colliding with a 4½ lb vulture, the US Navy said. The two pilots ejected safely.

Bored bees

Australia's A$600m ($470m) cucumber industry is at risk because bees are losing interest in pollinating the crop. They seem to be bypassing cucumbers for more attractive flowers.

Business Summary

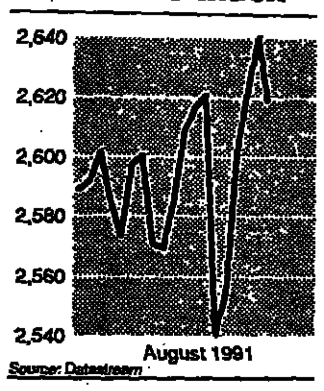
Japanese growth equals boom of 1960s

The Japanese economy this month completed 57 months of uninterrupted expansion, equalling the post-war record set in the high-growth era of the 1960s.

Officials at the government's Economic Planning Agency reported yesterday to the cabinet of prime minister Toshiki Kaifu that the economy had been growing throughout August and showed no signs of falling into recession in the immediate future. Page 10

UK STOCKS: After a new peak on Friday, the market gave ground steadily yesterday, with the FT-SE Index closing 20.9 down at 2,619.8. There was a sharp fall-off in market volume, which reflected the division of views on the outlook for UK equities. London stocks, Page 19

FT-SE 100 Index



Source: Datastream

MATSUSHITA Electric Industrial, Japan's largest electronics company, reported a 23.8 per cent drop in quarterly pre-tax profits to Y95.7bn ($699m). The group's $6.1bn acquisition of MCA, the US entertainment group, was the major cause of the fall. Page 13; Lex, Page 10; EC prepared to clear Philips-Matsushita tie, Page 4

HARLAND AND WOLFF, Belfast shipbuilder, won contracts worth $375m for six new ships, believed to be the largest merchant shipping order ever placed in a UK shipyard. The order was won against competition from Korean and Japanese yards. Page 10

MILAN bourse: Swiss judges have taken steps towards unravelling a complex $76.3m alleged share fraud which has paralysed trading on the Milan bourse and looks likely to delay this month's regular settlement. Page 11

HSBC Holdings, new London-based holding company for the Hongkong and Shanghai Banking Corporation, announced a 21.6 per cent increase in interim net profits to HK$1.86bn ($239m) after tax and transfers to inner reserves. Page 11

FRANCE'S trade deficit widened to nearly $720m in July from $630m in June, with a substantial rise in both imports and exports reflecting what is hoped are the first signs of an economic recovery. Page 4

PIONEER International, Australian building materials group, exceeded market expectations with a 94.6 per cent improvement in annual net profit to A$163.8m ($128m). Page 13

HONG KONG Aircraft Engineering Company (Haeco), largest aircraft maintenance specialist in Asia, announced a 7.8 per cent increase in interim net profits to HK$146.7m ($19m). Page 13

LINDE, German forklift truck, gas and engineering group, returned interim pre-tax profits 5 per cent higher at DM236m ($135m). Page 12

ASTRA, Swedish pharmaceutical company, reported a 46 per cent rise in interim pre-tax profits to SKr1.75bn ($275m), exceeding optimistic forecasts. Page 12

Embattled Soviet President urges economic pact with republics

Gorbachev fights break-up

By John Lloyd, Leyla Boulton and Anthony Robinson in Moscow

MR MIKHAIL GORBACHEV, the Soviet president, backed by the now dominant Russian leadership, yesterday fought desperately to preserve the Soviet Union in the face of its accelerating dissolution – and threatened to resign should the country disintegrate.

In a meeting with three republican leaders, including his now indispensable ally President Boris Yeltsin of Russia, Mr Gorbachev proposed a new economic agreement, which would be "open for signing" by other republics.

Addressing an emergency session of the Union's Supreme Soviet after the meeting, which was also attended by President Nursultan Nazarbayev of Kazakhstan and President Askar Akayev of Kirghizia he said: "All the logic of our lives for centuries of history show that splitting apart is impossible... would be death for our people. Nobody needs it.

"We have not the right to make a mistake on the future of the Soviet Union. The Union must be preserved as a union of sovereign states with a united army and a common economic treaty. If that fails it would be a tragedy."

Later, Mr Gorbachev threatened to resign if the union breaks up – a move which seems well under way. "I'm for a renewed union, a reformed union, I'm for maintaining it", he told an emergency debate of the Soviet parliament. "Nothing will be achieved if we cannot have a union."

The Soviet president has threatened resignation before, both as president and as general secretary of the Communist Party – from which post he has now resigned – but the rapid undercutting of effective power at the centre now appears to deprive the threat of much meaning.

He denied that he was a puppet in the hands of Mr Yeltsin, saying: "We must not suspect that the realisation of the concept of the Russian empire is under way, that the Russian leadership has shoved away the President of the country, that it doesn't take into account the republics. Comrades, the Yeltsin leadership has no such schemes. Every day I speak to them, we discuss different things."

The Russian leadership now appears anxious to bolster Mr Gorbachev and to hold the union together. Mr Gennady Burbulis, Russian secretary of state, said yesterday that "at the moment we need a Russian president, and there is no point in rushing to change that situation too soon".

Mr Yeltsin and Mr Nazarbayev later agreed that a new union treaty must soon be signed – and that the Soviet army should be preserved.

As Mr Gorbachev spoke, the parliament in the south western republic of Moldavia unanimously proclaimed independence from the Soviet Union to jubilation in the streets. Its President, Mr Mirchea Snegur, said the declaration was a step on the way to union with Romania – from which the country had been separated in the second world war.

Russia's threat to open upthe question of established borders in the case of all republics, apart from the three Baltic states, which refused to sign a union treaty – made on Monday night – reverberated yesterday around the republican leaderships.

Mr Nazarbayev told Interfax, the news agency, that wars could flare between the republics "if Russia raises the question of revising the borders".

He criticised the Russification, now in full swing, of all union ministries and institutions, saying the monopolisation by Russians of key posts would drive republics further apart amid fears of a renewed Russian imperialism.

The Russification of posts continued with the appointment of Mr Yegor Yakovlev as head of state TV and radio. Mr Yakovlev, who is also a Soviet deputy, is editor of the radical weekly Moscow News, one of the most consistently liberal papers of the Gorbachev period.

The Russian statement on borders, from Mr Pavel Voshanov, Mr Yeltsin's press secretary, made clear the imperial basis of Russia's concern by saying that if republics declared independence, "we must take care of the (Russian) population that lives there and not forget that these lands were settled by Russians".

Millions of ethnic Russians live in the nearby republics – including more than 11m in Ukraine, which has declared outright independence.

Soviet president Mikhail Gorbachev at yesterday's meeting of the Soviet parliament

THE SOVIET UNION

- Russia likely to become new nuclear superpower; territorial disputes set to take centre-stage, Page 2
- Business community shares glory of coup victors; Shcherbakov tells of Kremlin meeting, Page 3
- George Bush and the Soviet revolution: the view from the golf course, Page 11

US waits as EC recognises Baltic states

By David Gardner and Andrew Hill in Brussels and Lionel Barber in Washington

THE European Community last night recognised the independence of Lithuania, Estonia and Latvia, and prepared to offer the three Baltic states the same transitional arrangements towards EC membership as it plans for post-Communist eastern Europe.

However, President George Bush declined to follow the EC decision. In spite of some criticism at home, Mr Bush has declined to take any steps which could provoke a backlash in Moscow or overtly encourage the break-up of the Soviet Union. The US is expected to move once the Supreme Soviet has issued its own formal independence declaration for the Baltics.

In London it was announced that Mr John Major, the British prime minister, would stop in Moscow on Sunday on his way to China and Hong Kong – the first western leader to hold direct talks with Mr Mikhail Gorbachev and Mr Boris Yeltsin in the wake of the failed coup. He will pass to the Soviet leadership the conclusions of his talks this week with Mr Bush.

Group of Seven finance officials, called "sherpas", are to review the west's strategies for providing aid to the Soviet Union tommorow followed by a meeting of G7 deputy finance ministers in Paris on Friday.

The EC 12 are expected to meet at foreign minister level again next week, and at a heads of government summit in mid-September, when Mr Gorbachev and Mr Yeltsin may be invited if all member states endorse a French proposal. It is through these two meetings that the EC will decide on the extent of future aid to the Soviet Union, German and Dutch officials said.

Amid continued US unease about instability in the Soviet Union, Mr Bush held a high-level strategy session with senior advisers yesterday.

Mr Bush remains anxious not to dictate how the republics and Moscow should organise, but he is also concerned about instability spreading beyond the Soviet borders.

The recognition formula agreed by the EC – endorsing the "restoration of the sovereignty and independence the Baltic states lost in 1940" – clearly reserves the EC position on other breakaway Soviet

Continued on Page 10

Departing Pöhl warns on German inflationary tendency

By Andrew Fisher in Frankfurt

MR Karl Otto Pöhl, the former president of the Bundesbank, yesterday fired a forceful parting shot against those he held responsible for Germany's rising inflation, implicitly criticising the government, wage negotiators, and public authorities.

At a ceremony to mark his departure from the German central bank and his succession by Mr Helmut Schlesinger, Mr Pöhl said he was saddened to be leaving when inflation was at its highest in Germany for nine years but declining elsewhere.

Noting that the consumer price index had been rising at an annual rate of more than 4 per cent – the July rate was 4.4 per cent – he added: "We have every reason to be concerned about this figure and the developments that lie behind it." Worries about inflation prompted the Bundesbank, at its first council meeting under Mr Schlesinger, to raise interest rates.

This time there were no external excuses such as an oil crisis or unfavourable currency trends, he said. Germany's inflation was mostly "home-made", he said, adding: "It is the result of a development against which the Bundesbank, and I as its spokesman, have warned for more than a year, unfortunately without much success: a continuing, as I see it, underdeveloped understanding of the consequences of German unity."

The former Bundesbank president was speaking after Chancellor Helmut Kohl stressed at the same gathering the need for high spending, and thus extra borrowing, to rebuild the east German economy.

Mr Kohl said this was unavoidable and could not be compared with earlier phases of post-war German history. Since the borrowing rise was temporary and would be reversed, it was bearable. But the regional states and local authorities could do more to curb spending.

Mr Pöhl said it was clear that bringing the economically shattered area of east Germany together with west Germany, with one of the world's highest living standards, could succeed only with high transfer payments.

However, this made savings

Continued on Page 10

A farewell to Bonn, Page 8

Cambodia factions agree end to 12-year civil war

By Our Correspondent in Pattaya, Thailand

CAMBODIA'S 12-year civil war is over, Prince Norodom Sihanouk, head of the guerrilla factions, and Mr Hun Sen, prime minister of the Vietnamese-backed government in Phnom Penh, declared yesterday.

The two leaders made their historic claim after reaching agreement on disarming Cambodia's warring factions during two days of negotiations at the Thai beach resort Pattaya.

The three-party guerrilla coalition and the Phnom Penh government agreed yesterday on the most contentious part of the peace plan worked out last year by the five permanent members of the United Nations Security Council. Instead of the total disarmament of all four Cambodian armies, as sought under the UN plan, the compromise allows for 70 per cent of troops to be demobilised and the remainder placed in camps under UN supervision.

The Cambodian government had complained that the UN plan was unfair because the inspection teams would be able easily to monitor regular forces but would find it much more difficult to be certain about guerrilla armies.

However, Phnom Penh also made an important concession by agreeing to drop the word "genocide" in describing the deaths of more than one million Cambodians under the Khmer Rouge regime between 1975-78.

Prince Sihanouk summed up the resolution of one of the most contentious issues in the Cambodian conflict with the words: "The genocide problem is not a problem... it is only a question of writing, it can be settled in 10 minutes tomorrow. We agree to let bygones be bygones."

Western diplomats observing the talks said Mr Hun Sen was left with little choice but to compromise in view of the continuing improvement in relations between his prinicipal ally, Vietnam, and China, which has armed and financed the Khmer Rouge.

If progress continues at the present rate in peace talks, a formal treaty could be ready for signing in October with the establishment of the Supreme National Council in Phnom Penh the following month. Preparations are already under way in the capital where renovation of the royal palace and other administrative buildings has begun.

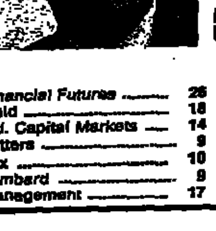
This would then be quickly followed by the arrival in Cambodia of a UN peacekeeping force, the UN Transitory Authority for Cambodia (Untac). A UN delegation has begun a preliminary assessment of the staffing needed to monitor the ceasefire.

Unresolved issues still remaining include the powers to be exercised by Untac in the run-up to planned supervised elections. Mr Hun Sen insists that his government should remain in office until the elections are held, conceding only supervisory powers to the UN.

The long hard road, Page 5

CONTENTS

Mexico's one-party rule extended by the electorate



President Carlos Salinas de Gortari takes much of the credit for his party's continuing political dominance after recent elections with sound economic policies and the restructuring of the party organisation Page 4

MARKETS

STERLING
New York lunchtime:
$1.6825
London:
$1.6805 (1.672)
DM2.9375 (2.93)
FFr9.9775 (9.9475)
SFr2.5575 (2.5625)
Y230.25 (229.25)
£ index 90.7 (90.5)

GOLD
New York: Comex Dec
$359.5 (360.3)
London:
$354.6 (353.85)

N SEA OIL (Argus)
Brent Oct
$20.125 (19.875)

Chief price changes yesterday: Page 11

DOLLAR
New York lunchtime:
DM1.7475
FFr5.934
SFr1.521
Y136.95
London:
DM1.7485 (1.753)
FFr5.9375 (5.95)
SFr1.5225 (1.5325)
Y136.95 (137.05)
$ index 66.7 (66.7)
Tokyo close:Y137.05

US lunchtime rates
Fed Funds: $5\frac{9}{16}$%
3-mo Treasury Bills: 5.53%
Long Bond: $99\frac{25}{32}$
yield: 8.13%

STOCK INDICES
FT-SE 100:
2,619.8 (-20.9)
FT Ordinary:
2,050 (-19.3)
FT-A All-Share:
1,257.11 (-0.6%)
New York lunchtime:
DJ Ind. Av.
3,021.69 (−17.67)
S&P Comp
391.92 (−1.93)
Tokyo: Nikkei
21,641.3 (+49.03)

LONDON MONEY
3-month interbank:
$10\frac{13}{16}$ ($10\frac{13}{16}$)
Liffe long gilt future:
$93\frac{5}{16}$ ($93\frac{13}{16}$)

THE SOVIET UNION

Russia likely to become new nuclear superpower

By David White, Defence Correspondent

THE Soviet nuclear superpower is well on its way to transforming itself into the Russian nuclear superpower, western experts believe.

Soviet forces are thought to have moved many nuclear weapons from outlying republics to the Russian Federation, to ensure they do not fall into the hands of militant groups or break-away states.

British analysts estimate 90 per cent of the Soviet nuclear arsenal is now in Russia, with the bulk of the remainder in Kazakhstan and Ukraine.

Kazakhstan, which has favoured moves towards a confederation, is the site of two fields of SS-18 intercontinental ballistic missiles. The massive multiple-warhead missiles, bigger than any other Soviet or US weapon and known as Satan in Nato parlance, are housed in hardened underground silos. It would be difficult and costly to move them.

However, the US-Soviet Start treaty on reducing nuclear weapons, signed last month, has a special clause which would permit the Soviets to build new silos for long-range missiles "in exceptional circumstances" as replacements for existing silos, allowing weapons to be moved to more secure areas.

New-generation SS-24 missiles, made to carry 10 warheads apiece and transported by rail, are believed to be deployed in Ukraine, with SS-25 single-warhead missiles, which can be moved by road, in Belorussia. Both republics have declared independence in the past few days.

It is thought some of these transportable weapons, more vulnerable than the SS-18s as they do not enjoy the same heavy protection, may have been moved by the Soviet authorities.

Information is scarce, however. Before the attempted coup, military chiefs made contradictory statements as to whether nuclear weapons had already been moved.

Anxiety about the control and safety of Soviet nuclear arms was underlined during the coup attempt by the reported seizure of the "codes" which enable President Mikhail Gorbachev to initiate a nuclear strike.

Moscow's centralised control arrangements are considered comparable to the US system of "permissive action links" or Pals, aimed at preventing an accidental or unauthorised launch.

A coded order from the president would need to be acted on by senior officers: two from the strategic rocket forces, assigned to control the launchers, and two from the KGB, in charge of codes for nuclear warheads.

Nuclear launch sites and storage facilities are kept separate. Both are heavily guarded by troops who are understood to be outside the normal chain of command and who report directly to the General Staff.

Soviet concern was raised early last year when nationalist militants in Azerbaijan besieged a nuclear installation, although they failed to break through the guard.

The emergence of nuclear minipowers in the Soviet Union is thought unlikely. But serious worries persist about the control of nuclear weapon facilities.

These involve, firstly, the risk that weapons or sites could be seized and that components or materials could be acquired by terrorist organisations and, secondly, uncertainty over the future of central military authority in the Soviet Union and the cohesiveness of the command system.

General Mikhail Moiseyev, the former Soviet chief of staff, proposed to General Colin Powell, his US counterpart, in a letter dated before the coup that the issue of security of nuclear forces should be added to the agenda in their military-to-military discussions.

Mr Boris Yeltsin, Russian president, has demanded a right of veto on the use of nuclear arms.

If enforced this would introduce a type of "dual-key" arrangement, used in Nato for control of US nuclear weapons deployed with the armies of European allies.

THE SOVIET NUCLEAR ARSENAL

Type of weapon	No. of warheads
Intercontinental ballistic missiles*	6,280
Submarine-launched ballistic missiles*	3,626
Strategic bombers*	974
Surface-to-air missiles	3,000
Anti-ballistic missiles	100
Land-based aircraft - non-strategic	3,100
Land-based short-range missiles	3,130
Artillery shells	2,000
Naval air-launched weapons	1,360
Anti-ship cruise missiles	434
Land-attack cruise missiles	136
Anti-submarine missiles and torpedoes	945
Naval surface-to-air missiles	200
TOTAL	25,285

*Covered by US-Soviet Start treaty. Source: Stockholm International Peace Research Institute

US concerned over weapon control

By George Graham in Washington

SENIOR MEMBERS of the US Congress are concerned that the US should do nothing to encourage the break-up of the Soviet Union, and thereby risk seeing nuclear weapons fall into the hands of a variety of republics.

"We have to be alert to any possibility that the nuclear weapons might be dispersed, and the central authority in control of those weapons is critical from our standpoint," said Mr Lee Hamilton, a Democratic member of the House foreign affairs committee, yesterday.

Senator Richard Lugar, a senior Republican with close ties to the White House, said yesterday there appeared so far to be "reasonably adequate" controls over the use of the Soviet nuclear missile arsenal. "As far as we can tell, President Gorbachev has command and control of the nuclear weapons, and as far as we can tell they are now centred in the three major republics – Russia, Belorussia and the Ukraine."

Worries over the control of the nuclear arsenal are thought to play a significant role in the US administration's caution over abandoning President Gorbachev or according diplomatic recognition to the Baltic republics.

President George Bush said last week that during the coup the US had seen no signs to increase its concern about a nuclear threat, and he has ordered top officials to avoid statements which could fan public anxiety. The US is nonetheless worried that the disintegration of central authority in the Soviet Union could threaten the unified command and control of the country's nuclear arsenal and is understood to have sought assurances from Moscow about this control.

Tall order: newly appointed KGB chairman Vadim Bakatin at yesterday's extraordinary session of the Soviet parliament, at which Mr Gorbachev said he had instructed Mr Bakatin to draw up measures to reform the KGB

Major to press Bush on aid for transition to market economy

By Lionel Barber in Washington

MR JOHN MAJOR, UK prime minister, arrived in the US yesterday for a three-day visit aimed at reaching an understanding with President Bush on expanded aid to the Soviet Union.

Mr Major intends to press Mr Bush to consider speeding technical assistance to help the Soviet Union begin transition to a market economy. A humanitarian aid package is also likely to be discussed, a British official said.

Mr Bush has said no firm decisions on economic aid can be made until the links between Moscow and the independent-minded republics become clearer. He has signalled support for humanitarian aid, but has vigorously opposed "writing cheques" until a concrete Soviet reform package emerges.

Mr Bush has declined to follow other European countries in extending full diplomatic recognition to the Baltic states because it could encourage other republics to secede and hasten the break-up of the Soviet Union. He remains determined to avoid any provocative steps which could trigger a hardline backlash in Moscow, or which could undermine President Gorbachev.

There is some official irritation in Washington about what one US official called a "stampede" in Europe in favour of a major aid package. But Mr Major is expected to respond that the west has a special obligation to help Soviet reformers led by Mr Boris Yeltsin, the elected Russian president.

Mr Major will speak not just as UK prime minister but as current chairman of the Group of Seven industrialised countries, which is expected to take the lead on a western aid package. He is due to visit Moscow next month.

In the US, Mr Major will meet Mr Dick Cheney, US defence secretary, and Mr Lawrence Eagleburger, deputy secretary of state. The Soviet issue will dominate, but the two allies will discuss prospects for a Middle East peace conference and hopes for release of western hostages in Lebanon. Since his first trip to the US as UK premier in December 1990, Mr Major and Mr Bush have developed good working links.

Riga talks will focus on future of troops

By Robert Taylor in Riga

A MISSION from the Soviet Ministry of Defence is due in Riga today to discuss the future of the estimated 76,000 Soviet troops based in Latvia.

Mr Dainis Ivans, vice-chairman of the Latvian parliament, claimed yesterday that a verbal understanding had been reached with Soviet senior command in the Baltics during discussions on the withdrawal of Soviet forces from the country.

It might take several days for a written agreement to be reached, he added.

Mr Ivans stressed the Latvian government was keen to discuss "the status of Soviet military bases". He added it wanted to see the return of Latvian soldiers conscripted into the Soviet army.

Transport aircraft have arrived in Riga to help evacuate Omon troops, the infamous Black Berets. Mr Ivans said an agreement had been reached on their future but there was nothing in writing.

Mr Vitis Seleckis, another Latvian government spokesman, said a 15-strong KGB delegation from Moscow was in the capital to discuss the KGB's future position in the country. Discussions held yesterday had revealed "a conflict of views" between the two sides.

● Mrs Hannah Khayyat, a Latvian in exile, claims the death in Riga last Monday of Mr Yuris Betiris, vice-president of Latvian Television, was an assassination by the KGB and Omon forces, Gillian Tett reports.

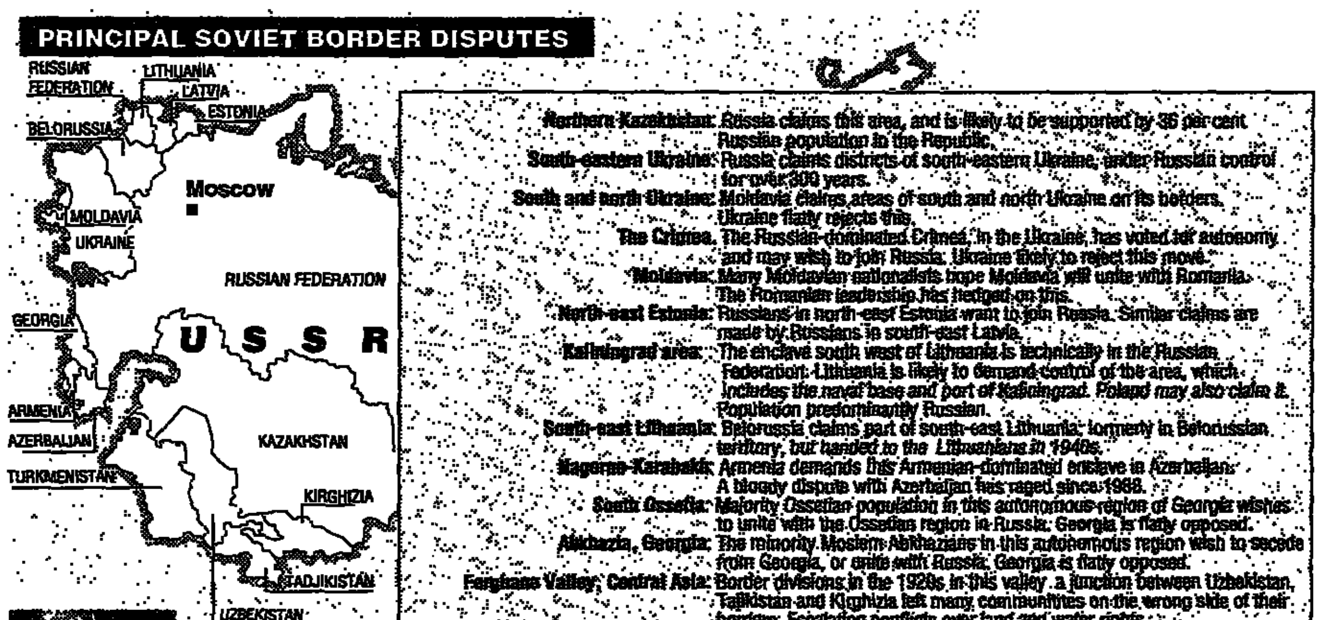
Mr Betiris was responsible for media communications across the Baltics and had played a key role in ensuring the Baltic republics received extensive and open coverage of political events, Mrs Khayyat said.

● A leading Latvian politician and constitutional expert told the British Association for the Advancement of Science in Plymouth yesterday that the three independent Baltic republics could become an economic bridge between western Europe and the remainder of the Soviet Union, Clive Cookson reports.

Prof Andres Plotnieks, a member of the Latvian and Soviet parliaments and a constitutional adviser to the Latvian government, forecast that the Baltic republics would apply for associate membership of the EC within two to three months.

Myriad territorial disputes set to take centre-stage

PRINCIPAL SOVIET BORDER DISPUTES



PRESIDENT Mikhail Gorbachev may soon agree to restore the autonomy of Nagorno-Karabakh, the explosive Armenian-populated enclave now reluctantly under the direct rule of Azerbaijan, writes Leyla Boulton from Moscow.

Mr Levon Ter-Petrosian, leader of the independence-minded republic of Armenia, said yesterday that Mr Boris Yeltsin, the Russian president and now the most powerful man in the Soviet Union, backed his claims.

"A decree is ready but I don't know whether Mr Gorbachev will sign it," he said in an interview while waiting to see the Soviet president. "However Mr Yeltsin has promised to use his influence with Mr Gorbachev."

The disputed enclave, previously an autonomous area within Azerbaijan, lost its autonomy after it demanded unification with Armenia, triggering ethnic violence in 1988 that cost more than 200 lives.

Armenia sees restoring the territory's status quo as a first step to unification, but Azerbaijan has vowed never to give it up. Now, however, the Azerbaijani leadership is in a relatively weak position to defend its interests in Moscow because of its support for last week's failed coup.

Mr Ter-Petrosian believes that the answer in next month's referendum on Armenian independence will be "95 per cent yes" instead of the "70 per cent" he predicted before the coup.

John Lloyd and Leyla Boulton report from Moscow on fears of warring nationalisms

"IF RUSSIA raises the question of existing borders," said Mr Nursultan Nazarbayev, the President of Kazakhstan yesterday, "there will be wars".

This, from a close ally of both Mr Mikhail Gorbachev, the Soviet president, and Mr Boris Yeltsin, the Russian president, gives a warning of the dark side of the disintegration of the Soviet Union.

Once there is no union, and no central force that can suppress inter-national and inter-ethnic disputes, nationalist forces are bound to compete for those strips of territory to which they argue their history gives them a right. And in the Soviet Union, there are many.

Mr Anatoly Sobchak, the Leningrad mayor, strengthened this impression of impending conflict when he said in an interview that "Khrushchev gave the Crimea to the Ukraine. This does not mean that the Russians should always recognise it as part of the Ukraine".

Russia's claim on the Ukrainian Crimea is only one of a myriad of territorial disputes that will flourish now Mr Yeltsin has declared open season – disputes that will be complicated by the fears of minority ethnic groups and by the ambitions of autonomous republics and areas to declare some sort of independence.

Researchers at the Institute of Geography of the Academy of Sciences – the Soviet state-sponsored resaerch monolith – calculate that of the 23 borders between Union republics, only three are not contested. These are the Lithuanian/Latvian, Belorussian/Latvian and Russian/Belorussian borders. They estimate the number of territorial conflicts at around 75 – many the result of forced population movements in the Stalinist period, others of the arbitrary drawing of borders by Stalin and his successors: men whose dogmatic commitment to "internationalism" meant that they deliberately suppressed all forms of nationalism as being "reactionary".

The Soviet Union of today is not just among the most racially heterogeneous of countries, it has also been the most arbitrary and cruel in its treatment of many nationalities. These are now seeking recompense – and since there is no longer a centre, they must seek reparations from each other.

Take just one (small) republic – so far the most vociferous for freedom – Lithuania. Its actual or potential claims include the north-western part of Belorussia and part of the Kaliningrad region to its south west, which is Russian territory. At the same time, Belorussia has counter-claims on part of Lithuania's southern territories, the large Polish minority has petitioned for a Polish autonomous region in the south, and the Russian minority in the port of Klaipeda wants to secede.

Mr Dmitri Smirnov, a deputy from the Ukraine, said yesterday: "If they start moving the borders we will have what happened in Yugoslavia."

In fact, he understates the problem: for unless huge restraint is shown, Yugoslavia pales before the sheer complexity of the Soviet case. In the hierarchy of union republics, autonomous republics and autonomous regions, lines have been drawn across the land which almost never correspond to a settled habitation of homogeneous people.

The ethnic Germans and the Volga Tatars were shunted across the country during the war and have not been able to return to their homelands: the Jews were given a state in the extreme east of Siberia called Birobidzhan, in which almost none of them live; Meshketian Turks and Greeks have no "homeland" and thus fear cultural assimilation.

Yesterday, as the Moldavians proclaimed independence, another vivid example was provided of the difficulties awaiting an opening of the borders and nationalities question. The Moldavians, said Mr Mircha Snegur, their president, have declared independence only as an interim stage: the real goal is union with Romania. Yet within their borders are many ethnic Russians, as well as a large population of Gagauz, or Turkic Christians.

Nothing in the Soviet Union, it seems, can save its peoples from a myriad of struggles, or worse. The central authority has imposed a pattern upon them, but is now wholly unable to police it. Without self-policing, the issue seems certain to drag in Europe in an attempt to mediate the conflict.

Eastern Europe fears revival of old claims and undisguised nationalism

By Judy Dempsey

THE collapse of the communist system in the Soviet Union has quickly reawakened two sentiments which for decades had been suppressed.

One is the prospect that each of the republics in the Soviet Union will revive old territorial claims on any of its neighbours. The other is the undisguised revival of nationalism. The collusion of these two forces haunts the governments of eastern Europe.

These governments, which were democratically elected last year, fear that a rise of nationalism in the Soviet Union, abetted by territorial claims, could undermine their fragile democratic institutions.

In particular, officials in eastern Europe are concerned about the impact the fast-moving developments in the Soviet Union could have on the small right-wing movements in eastern Europe who wish to revive historical claims.

Nowhere is the nationalist right-wing in eastern Europe stronger than in Romania.

Using the medium of Romania Mare (Greater Romania), an ultra-conservative and xenophobic newspaper, edited by Mr Eugen Barbu, a close adviser to the late President Nicolae Ceausescu, nationalists have repeatedly accused the Hungarians in Transylvania of wanting to reunite with Hungary.

The Hungarian government has consistently denied any claims on Transylvania, which, until 1918, was part of the Austro-Hungarian empire. Instead, they have repeatedly called for the rights of all ethnic minorities to be respected.

However, the far right-wing of the governing Democratic Forum in Hungary regrets that ethnic Hungarians in both Slovakia and Romania are not part of their country.

Their extremist aspirations could in turn be fuelled by any potential claims by Romania on the independent Soviet republic of Moldavia.

Moldavia is an intrinsic part of the Romanian national consciousness. Along with Wallachia, it formed the Romanian kingdom in 1859.

However, the kingdom had little chance to consolidate its borders, frequently ceding and annexing territories.

By the end of the second world war, Romania had gained Transylvania from Hungary, but had lost Moldavia to the Soviet Union.

Since the collapse in 1989 of the Ceausescu regime, nationalists in Romania have become increasingly outspoken about reclaiming territories which once belonged to the old kingdom.

After last week's attempted Soviet coup, the Bucharest-based "Pro Bessarabia and Bukovina Association" issued a statement asking the Romanian government "to take a firm and unequivocal stand and to be ready to offer the government and parliament in Kishinev [the capital of Moldavia] protection and shelter if need be."

Under the terms of the Romanian-Soviet Friendship treaty signed earlier this year, the government in Bucharest specifically stated - with Moldavia in mind - that "both sides shall be guided in their relations by respect for the inviolability of borders and territorial integrity".

An acceleration by Moldavia to unite with Romania would not only make that treaty redundant, the government in Romania would also be forced to respond to popular pressure and welcome Moldavia back into the fold.

This would have a deep psychological impact on more countries than Hungary. "A change of any borders, forcibly or not, would open up many disputes," a Hungarian foreign ministry official said yesterday.

One of these disputes would affect relations between Bulgaria and the Yugoslav republic of Macedonia. The government in Sofia has never recognised Macedonia as a separate nationality and language.

However, it has to contend with a small nationalist movement which has links with the Internal Macedonian Revolutionary Organisation, one of the oldest terrorist/nationalist groups based in Macedonia.

Poland, whose kingdom once stretched from Szczecin, a port on the Baltic, across Lithuania and down to the Ukraine and Moldavia, says it harbours no such territorial claims.

"It is absolutely out of the question to revive any historical claims," a Polish foreign ministry official said yesterday.

Over the past year, the Warsaw government has adopted a two-pronged strategy.

It has maintained "correct" relations with Moscow in order to speed up the withdrawal of the Soviet army's remaining 40,000 troops from its territory, while establishing close cultural, economic and political contacts with Latvia, the Ukraine, Russia and Belorussia.

"We tried to set up contacts with Lithuania, but we had some difficulties because of the way the government in Vilnius has treated the Polish minority," the foreign ministry official commented. Poles make up 7 per cent of Lithuania's 3.67m population.

Relations with Belorussia were strained until recently because the government in Minsk accused the Polish government of not granting sufficient cultural rights to the 100,000 strong Belorussian minority in Poland.

"Essentially, territorial disputes are inextricably linked to human rights and democracy. I think few ethnic groups would make any claims against the ruling government if ethnic rights were respected," a senior Polish official said.

"Revenge, fuelled by decades of domination by Russia, is in the air," he added. "The underdogs are now in power."

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Business community shares glory of coup victors

When the time came to stand up and be counted, many of them did, and are now reaping the rewards, writes **John Lloyd**

AT 6pm on Tuesday of last week, the Scientific Industrial League summoned its executive. The league is at the peak of Soviet business life, bringing together the heads of enterprises, associations and banks. It is chaired by Mr Arkady Volsky, now one of the four-man committee appointed to co-ordinate the work of the Soviet government.

Mr Volsky spans both new and old interest groups: he is a member of the Central Committee, a former senior central committee official, a peoples' deputy of the Soviet Union, and chairman of the SIL.

The business people in his comfortable offices next door to the guarded Central Committee headquarters were alarmed and a little frightened. They had heard that a list had been prepared of 187 of their number, marked for arrest by the KGB on charges of corruption, tax evasion, or some other form of business crime.

All would have been guilty of one or more. Doing business in the Soviet Union is about breaking rules. It is a necessity of working life.

They had heard, too, that in Smolensk, the local KGB had broken open hard currency shops and encouraged looting. In talking to foreign partners and customers, some already on aircraft out of Moscow, they realised that foreign investment, aid and technical assistance could dry up. Most Favoured Nation trade status with the US, just granted, could also be snatched away, the Cocom rules on technology transfer could be made tougher, and there might be an embargo on the purchase of Soviet oil – the only big source of hard currency.

Mr Volsky was distracted during the meeting. His deputy, Mr Alexander Vladislavlev, was in the defiant Russian parliament with Mr Alexander Rutskoi, the Russian vice president. Some of the coup leaders were in the Central Committee building next door to Mr Volsky's office. Mr Volsky, with a network of the highest level connections, was acting as a link man, maintaining contacts with both sides.

In the midst of the meeting, Mr Vladislavlev called Mr Volsky from the Russian parliament: a mole inside the KGB's "Alpha" anti-terrorist group had phoned to say that Mr Vladimir Kryuchkov, the KGB chairman, had ordered the group to lead an attack on the Russian parliament. Mr Volsky got through to the commander of this detachment and pleaded with him not to attack.

The attack did not take place – though it is unclear how far this was due to Mr Volsky. An account given to Tass by Mr Mikhail Golovatov, the head of the Alpha group, yesterday said the group's leaders decided to disobey the order to attack on their own initiative.

The business meeting agreed a statement of condemnation of the coup and of support for the Russian parliament. Bankers attending it brought bags of money, which they gave to Mr Volsky to get through to the parliament to provide funds to the defenders.

Many of Moscow's business elite had learned the news of the coup from contacts, or representatives, abroad. It marked them out from the vast bulk of Soviet society, who had to pick up what news they could. It also points to the formation of a distinct capitalist class, with its own interests and priorities.

Their actions in the coup showed that this class, with some wavering, was unable to make common cause with the coup leaders – even where it wished to. Many of them were advisers or friends of, or sympathetic to, the deputies and officials round Mr Boris Yeltsin, the Russian president.

The Congress of Russian Business Circles was the first group to condemn the coup and back the Russian parliament, on Monday night, at a time when most people assumed that the coup had been successful.

On Tuesday morning, Mr Lev Vainberg, chairman of the Association of Joint Ventures, called a board meeting in the luxurious Academy of Social Sciences of the Communist Party Central Committee on Leningradsky Avenue, where it had rented rooms.

Among the dozen people who assembled, some counselled caution: let's see if we can do business with the new people, they said. Mr Vainberg's reply stilled this line of argument. The Jews of Kiev, he said, had argued this about the Nazis: the effect was to be seen in the mass graves of Babi Yar, outside the town.

The still-insecure market institutions acted with some courage, or at least with awareness that their interests would be attacked.

Many of their managers and staff went to the Moscow barricades. Most of the new exchanges denounced the coup and many closed: one of the biggest, the Russian Commodity and Raw Material Exchange, shut on the first day of the coup and appealed for others to do the same. The next day, Mr Yuri Milyukov, chairman of the Moscow exchange, decreed that it should close. The Sverdlovsk Exchange followed suit, as did exchanges in Leningrad, Baikal and Irkutsk.

Most of the new private banks shut. Mr Mikhail Khodorkovsky, chairman of Menatep, one of the largest, not only closed on Monday but went to the Russian parliament to be there through the dangers of Tuesday night and Wednesday morning.

By Wednesday, the coup collapsed. Business leaders went back to work, and found that foreign interest not only revived, but increased. "The foreign business people understand now that the political threat, the threat of reaction which was always over our heads, has gone," says Mr Kuptsov. "There remain other barriers – administrative ignorance and lack of investment. But politically, they know it's safe now."

The immense prestige gained by Mr Yeltsin and the Russian parliamentarians has been shared by the bulk of the Soviet business community. They had to stand up and be counted. Many of them did. Whatever problems remain – and the collapse of the Soviet Union will increase them – they have gained a sense of themselves both as a group, and as part of the democratic community.

A Muscovite waves a Russian national flag on Red Square yesterday as the Soviet parliament resumes an emergency debate following the failed coup

Shcherbakov tells of late-night Kremlin meeting

By Anthony Robinson in Moscow

MR Anatoli Lukyanov, then chairman of the Supreme Soviet, and Mr Alexander Bessmertnykh, then Soviet foreign minister, took part in a secret Kremlin meeting convened by the chairman of the KGB on the night before the abortive coup of August 19.

Mr Vladimir Shcherbakov, first deputy prime minister of the 60-man Soviet government sacked en masse last week for failing to oppose the coup, said he was told by Mr Valentin Pavlov, the prime minister, that the two men, who have denied involvement in and prior knowledge of the coup, took part in discussions with the coup leaders only hours before it began.

Mr Shcherbakov claimed in an interview that he and the rest of the government only learned about the coup from the media and were denied inside information until Mr Pavlov, one of the eight coup leaders and a personal friend for 20 years, talked to him at his home late on Monday August 19, the first day of the coup.

Mr Pavlov told him he was at his home in his dacha on Sunday when Mr Vladimir Kryuchkov, chairman of the KGB, phoned to say that a grave situation had arisen and asked him to come to the Kremlin. He agreed to go but demanded that a helicopter be sent to pick up Mr Lukyanov.

Those gathered at the Kremlin that night included all but two members of the eight-man "state committee for the state of emergency" which declared itself the new government early the next morning, plus Mr Bessmertnykh and Mr Lukyanov. Other key figures in the coup were Mr Oleg Shenin, a Communist party central committee secretary, and Mr Valery Boldin, who, as head of presidential administration, was a close personal aide of Mr Mikhail Gorbachev.

The two absent members of the new government were Mr Vasily Starodubtsev, head of the collective farmers' association, and Mr Alexander Tisakov, head of the state industrialists' association, who seemed to have been included in the coup mainly for decorative purposes.

The coup leaders said they had just returned from the Crimea, where they had seen Mr Gorbachev lying unconscious in bed. While the examining doctors were unsure about the nature of his illness it was "clear" to the coup leaders that he would be unable to carry on his duties as president for some time.

Mr Kryuchkov then said that armed concentrations of people had gathered around the main post office, outside the Ukraine Hotel, and other points in Moscow, and that his men had confiscated four "hit lists", including one which had all the names of government members earmarked for immediate liquidation.

The KGB chief was followed by Mr Yuri Plekhanov, head of the KGB department responsible for protecting the president and the government, who told them of similar armed gatherings around the Kremlin, KGB headquarters and central Pushkin Square, from which another two hit lists had been confiscated.

Mr Kryuchkov, according to Mr Pavlov's account, proceeded to wave the lists in the air and demanded a declaration of a state of emergency.

The meeting broke up after deciding to call a session of the Supreme Soviet on August 26 to ratify the actions of the emergency committee headed by Mr Gennady Yanayev, the vice president, as provided for by the constitution in the case of genuine presidential disability.

Mr Pavlov's account, as related to his deputy prime minister, is the first mention of mysterious crowds of armed men with hit lists.

Mr Shcherbakov said that as he left Mr Pavlov's house early on Tuesday morning, he was a troubled man. He had received no proof of Mr Gorbachev's incapacity, was unable to understand why men so close to Mr Gorbachev were apparently usurping him, and was haunted by the thought that they were trying to remove him as Nikita Krushchev had been deposed in 1964.

At the same time he thought: "It is impossible to

Shcherbakov: heard of armed men with hit lists

return the country to what it was before 1985 and if they failed to produce evidence of Gorbachev's illness at the Supreme Soviet they'll be torn apart."

Like millions of other Soviet citizens and foreign observers, he also could not believe that Soviet military and intelligence experts would try to pull off a coup without first arresting such opponents as Boris Yeltsin, the president of Russia.

"Surely they could not be so stupid," he told himself.

Only the ministers of culture and the environment came out clearly against the coup, which was supported with varying degrees of enthusiasm by other ministers. Mr Shcherbakov said he told his colleagues there was no proof that Mr Gorbachev was ill and that the coup was constitutional, and warned them to expect a swift and hostile reaction from western governments.

Mr Shcherbakov is now being attacked with other government ministers for passivity during the coup. But he was singled out as the coup's main government critic by Mr Arkady Volski, head of the industrialists' association, and is defending himself on grounds that, while not accepting the constitutionality of the coup, he remained loyal to his function as senior minister in charge of economic affairs.

Men like Mr Shcherbakov, whose skill and expertise will be sorely needed to rebuild the economy, now risk being swept away on the emotional and undiscriminating rising tide of anti-communism which threatens to sweep away all in its path.

Iran optimistic UN can end hostage impasse

By Our Middle East Staff

A SENIOR Iranian diplomat yesterday said he was "optimistic" that Mr Javier Pérez de Cuéllar, UN secretary-general, could break the deadlock over Middle East hostages, but said the west must first raise pressure on Israel to free more than 300 Arab detainees.

Mr Kamal Kharazi, Iran's ambassador to the UN in New York, spoke after talks in Geneva with Mr Pérez de Cuéllar as part of a sustained round of discussions aimed at breaking the hostage deadlock.

Mr Pérez de Cuéllar, who on Monday suggested his two-week-old diplomatic mission to free the hostages could bear fruit by early September, said yesterday he remained "confident something can be done" to end the crisis soon.

Mr Yitzhak Shamir, the Israeli prime minister, who left Tel Aviv yesterday for a four-

Kharazi: no fresh information

day trip to Bulgaria, said he was pleased by the UN secretary-general's assessment of progress towards a prisoner swap. Israeli negotiators would meet Mr Pérez de Cuéllar shortly, he added.

But Mr Kharazi said yesterday after his talks that he brought no fresh information on the fate of seven Israeli servicemen, some missing since 1982. Israel has demanded detailed evidence on the fate of the men before it will enter any prisoner exchange. "This information is in Lebanon, if there is any," he added.

Lebanon's Amal militia group yesterday claimed it had the remains of two of the missing Israelis, but demanded Israel release 28 female prisoners before the Red Cross could examine the bodies.

Hizbollah has claimed to hold two Israeli servicemen or their remains but will provide no more information until Israel gives something in exchange. A radical Palestinian group, the Democratic Front for the Liberation of Palestine, says it has the body of another. Israeli security officials have said they know that one of the missing men, Mr Ron Arad, an air force navigator, is being held by a pro-Iranian group.

In Beirut, it emerged that Mr Christophe Harnish, head of the International Committee of the Red Cross in Lebanon, met Mr Mohammed al-Khansa, a Hizbollah leader, on Monday to discuss Lebanese prisoners held by Israel. Mr Harnish said yesterday that the talks, the first between Hizbollah and the ICRC since Mr Pérez de Cuéllar began his hostage diplomacy, did not cover either the 11 western hostages held in Lebanon or the missing Israelis. The UN chief is to to meet Mr Cornelio Sommaruga, ICRC president, today as he continues his round of talks.

● The Middle East peace conference proposed for October could be delayed by changes in the Soviet Union, the UN special envoy for the region said, **Reuter adds from Geneva.** Mr Edouard Brunner stated: "With the changes in the Soviet Union, there could be a certain delay." Asked if the Arab-Israeli conference, co-sponsored by the Soviet Union and the US, could still be held in October, Mr Brunner replied: "It could be a little later. It must be well prepared."

Citizens of the Croatian town of Osijek dig a trench on the embankment of the Drava river yesterday as part of preparations to defend the town against an expected attack by Serbian forces and the Yugoslav federal army

'A time bomb is ticking away in the Balkans'

Recognition of Croatia and Slovenia is unlikely to solve the Yugoslav crisis, diplomats argue. Judy Dempsey reports

AS FIGHTING in Croatia intensified yesterday, Croatia and Slovenia were hoping their recognition as independent states would come sooner as a result of moves by the European Community or other western governments to recognise the Baltic republics.

But western diplomats argued that recognition was unlikely to solve the Yugoslav crisis. Instead, they believe it is likely to encourage the federal army and Serbia forcibly to carve as much territory as possible from Croatia before recognition becomes *de jure*.

Any recognition of Croatia's and Slovenia's independence would formally end the existence of the Yugoslav federation.

For this reason, the *raison d'être* of the Yugoslav (communist) army would be immediately undermined. Traditionally, its role included the protection of the country's external borders.

Moreover, the formal end of the federation would deny the federal army financial contributions which in the past were funded from the six republics. The collapse of the federation would in effect close off the army's privileges, which include generous pensions.

The army would also be deprived of conscripts from the other republics. As the republics increasingly take security and defence into their own hands, these governments, except for Serbia, are no longer sending conscripts into the federal army.

The result is that the army is now quickly becoming a rump Serbian-dominated one, so that, over the past month it has identified much more closely with Serbia's aims.

The federal army is a communist organisation, inculcated with the ideology of the late President Tito. This was based on one fundamental principle: that the territorial integrity of the Yugoslav communist federation was inviolable.

But as the federation crumbles, the army "is looking for some security for the future", one senior western diplomat said yesterday.

"The army now senses its future lies with Serbia. It will side with the 'winner'. It is also desperately looking for some security, particularly since the Yugoslav army has seen how the Soviet- and communist-dominated military establishment is now being completely restructured. Its days are nearly numbered," he added.

For the moment, Serbia, under the socialist (former communist) leadership of Mr Slobodan Milosevic, has become the guardian of the army.

Serbia, for its part, remains committed to creating a Greater Serbia. Any enlarged Serbia would incorporate territories stretching from Kosovo in the south, including western and eastern parts of Croatia, and would extend up to the northern province of Vojvodina.

But precisely because Serbia is changing Yugoslavia's internal borders by force, Croat officials yesterday expressed concern that the EC, and other western governments, may be reluctant to recognise the independence of Croatia and Slovenia.

The irony remains that no matter what position the international community adopts, Serbia, for the foreseeable future, will see itself as the winner in the conflict with Croatia.

"What would an independent Croatia mean if over a fifth of its territory remains in Serbia's hands?" a Croat government official said yesterday. "Any recognition of Croatia as an independent state would have to address our internal borders. That is the issue facing us, and western governments. Recognition of our independence would not solve the problem of Serbia."

Yet western diplomats yesterday argued that if under pressure from Germany, the independence of Croatia and Slovenia was recognised, this would, unwittingly, have the effect of isolating the other republics. In this case, Bosnia-Hercegovina would be more vulnerable than ever.

Mr Milosevic, president of Serbia, has been fomenting unrest in this republic which contains three ethnic minorities: Catholic Croats, Orthodox Serbs and Moslems.

Since the Second World War, these three ethnic groups have co-existed peacefully. But in recent weeks, the Serbian Democratic Party of Bosnia-Hercegovina, supported by Mr Milosevic and other Serb nationalist groups, has gained control over the northern part of that republic. Its aim is to link eventually those seized parts of eastern Croatia with eastern Croatia and Vojvodina.

This dual strategy, consolidating the territories seized by Serbia in Croatia, and fomenting unrest in Bosnia-Hercegovina, has precipitated calls by the republics of Macedonia, and Bosnia-Hercegovina to hold a referendum on independence.

"The outcome will be predictable. Both republics will vote for independence largely to protect themselves against Serbia. These two republics will look to the EC for recognition in due course," a western diplomat said yesterday.

Further south, Mr Milosevic and the Chetniks, a right-wing nationalist movement based in Serbia, are tightening their grip in Kosovo, in which 90 per cent of the province is ethnic-Albanian and which has been under direct Serbian control since early 1990.

The province's local councils have been taken over by the Serbs, the university has been purged of ethnic Albanian intellectuals, the media has been censored, and Albanian managers have been sacked. "Sooner or later, the ethnic Albanians will rise up to shake off their Serb overlords," one liberal Belgrade academic said. "Regardless of any recognition of Croatia and Slovenia, a time-bomb is ticking away in the Balkans."

NEWS IN BRIEF

EC prepared to clear Philips-Matsushita tie

THE EC Commission said yesterday it is ready to relax competition rules to clear a joint venture between Philips, the Dutch electronics company, and Matsushita Electric Industrial of Japan, **AP reports from Brussels.**

In its official journal, the commission said its initial finding is that while the joint venture limits competition it will also yield technological advances and possible benefits for consumers.

It said it proposes to take "a favourable position" on the venture, but asked for comments from other parties before issuing a final decision.

Both companies asked the EC a year ago to exempt their joint venture company, called D2B Systems, from Community competition rules. The venture - 75 per cent controlled by Philips and 25 per cent by Matsushita - calls for both companies to share their electronics standardisation know-how.

Brazil fails to pay for power

Paraguay will continue having to sell its surplus electricity from Itaipu, the world's largest hydroelectric project, to Brazil despite the Brazilians' failure to pay their bills, **writes Christina Lamb in Rio de Janeiro.**

Under a 1973 accord, electricity produced by Itaipu is divided equally between the two countries. As Paraguay uses less than 2 per cent of the total energy produced it must sell the rest to Brazil. However, not only is this electricity sold at a cheap price but Eletrobras, the Brazilian electricity company, has not been paying at all and now owes $110m (£65.4m) to Paraguay.

Bayer plans for Polish move

Bayer, the German chemical company, yesterday announced it was opening several offices in Poland, further underlining German industry's interest in eastern Europe, **writes David Goodhart in Bonn.** It is opening a main office in Warsaw, with a staff of 18, to step up marketing and technical services in the Polish market for all Bayer's business groups. It will also have branch offices in Lodz, Posen and Katowice.

South African mines deal

Gold Fields of South Africa (GFSA), the mining house, and the National Union of Mineworkers have reached an agreement allowing for the reinstatement of 5,500 miners dismissed last Friday, **AP-DJ reports from Johannesburg.** The sackings at GFSA's Doornfontein mine followed a three-day strike.

Kuwait starts up refinery

Kuwait has started processing crude oil at Mina al-Ahmadi, the first refinery to be started up since Iraqi troops were pushed out in February, **AP-DJ reports from Bahrain.**

A Kuwait Petroleum Corporation (KPC) official said yesterday that KPC plans to refine around 170,000 barrels a day (b/d) of domestic crude in the refinery, which was heavily damaged during the recent Gulf war. That level of throughput should be reached "within a few days", the official said.

US consumer confidence falls

The US index of consumer confidence fell to 76.3 in August from 77.7 in July, showing a slight weakening in sentiment for the months ahead, according to the Conference Board, **Reuter reports from New York.**

Fears scotched over cancellation of NH90 project

Cresson vows to continue with helicopter

By **Robert Mauthner** in Paris

FRANCE has no intention of abandoning its participation in a four-nation programme to develop the NH90 military and naval helicopter, Mrs Edith Cresson, the French prime minister, said yesterday.

Her statement took the military and industrial establishment by surprise, given authoritative indications last week that budgetary cuts might have required the cancellation of France's role in the programme.

The Defence Ministry had told Aerospatiale, the French aerospace manufacturer, not to make any international commitments on the project as long as the negotiations on budgetary allocations to the various ministries had not been finally settled. The national budget is due to be adopted by the cabinet at the beginning of next month.

Mrs Cresson described what she called "the rumours" about the government's intention to abandon the helicopter programme as "an absurdity and completely false".

"France is a leader in the aeronautic sector and, in particular, in the manufacture of helicopters," she said in a radio interview. "Why should it abandon a military and civil programme which would earn foreign currency?"

France has a 42 per cent share in the NH90 project, in which Germany's Messerschmidt-Bolkow-Blohm has a 24 per cent stake. The other participating countries are Italy with 26.9 per cent and the Netherlands with 6.9 per cent.

The French army wants to buy 160 NH90s to replace its Puma and Super-Puma helicopters at a total investment cost of FFr23bn (£2.3bn), and the French navy wants 60 to replace its Lynx and Super-Frelon aircraft. More than FFr100m has already been set aside in the draft defence budget for 1992 for initial studies on the NH90.

Mrs Cresson said the final budgetary allocations had not yet been settled, but were expected to be concluded later this week. She stressed that neither the French nuclear defence programme nor any other major military projects which were already under way would be seriously affected by budgetary cuts. "We do not intend to lower our guard," the prime minister said.

● Jordan, suffering financially from the Gulf War, has cancelled a FFr5bn order for 12 French-built Mirage 2000 fighter jets, **AP adds.**

The warplanes are built by state-controlled Dassault Aviation. The French Defence Ministry, which has final say on all French overseas military sales, has approved a Jordanian request to cancel the contract, a ministry official said. Dassault added that it and the Jordanian government were working out a settlement to terminate the contract, in jeopardy since late 1990.

French trade growth marked by wider deficit

By **Robert Mauthner**

FRANCE'S trade deficit widened to nearly FFr4.3bn (£430m) in July from FFr3.8bn in June, with a substantial rise in both imports and exports reflecting what is hoped are the first signs of an economic recovery.

Mrs Edith Cresson, the French prime minister, said yesterday that the failure of the putsch in the Soviet Union should favour a resumption of economic activity in France before the end of the year.

The July deficit brought the total trade gap since the beginning of the year to more than FFr26bn, compared with only FFr19bn during the same seven-month period last year. Both imports and exports rose by more than 6 per cent in July, with sales of capital goods abroad reaching a record value of nearly FFr29bn.

The good performance in this field was partially offset by a substantial rise of 17 per cent to FFr9bn in the energy deficit as the result of the rise in imported oil prices in July, which went hand in hand with a stable dollar exchange rate. The traditional surplus in the agri-food sector was also down.

The employment figures for last month also worsened, with the number of job-seekers rising by 1.6 per cent to 2.763m, a year-on-year increase of 10.4 per cent. However, the official unemployment rate rose only marginally to 9.5 per cent.

Denmark sets out budget deficit plans

THE DANISH government has proposed a DKr30.5bn (£2.7bn) deficit in its 1992 budget, below the expected 1991 shortfall of DKr35.8bn, and said a policy of continued austerity was the best way to strengthen the economy, **Reuter reports from Copenhagen.**

Spending in 1992 is put at DKr326.2bn, which includes interest payments of DKr57.9bn on the state debt of DKr560.4bn.

Growth in gross domestic product is set to rise to 2.25 per cent from an estimated 2 per cent in 1991, when the Gulf crisis slowed growth less than expected, the Finance Ministry said in comments on the figures released to MPs by the minister, Mr Henning Dyremose.

The 1991 budget deficit was originally forecast at DKr16.1bn, but has more than doubled because unemployment has risen faster than expected, swelling welfare payments and reducing tax revenue.

The government said it expects unemployment to peak this year at an average 290,000 before edging down to 285,000 in 1992. Official data show the jobless number hit a record 291,800 in June, 10.4 per cent of the workforce.

The 1992 budget calls for Social Ministry spending, the biggest item of state expenditure, of DKr77.7bn against DKr78.4bn this year, and jobless benefits of DKr25bn, unchanged from 1991.

"The Danish economy is in many ways on the mend, with current account and foreign trade surpluses and record low inflation," Mr Dyremose's statement said. "But unemployment and the budget deficit are unacceptably high," he said.

"It is our aim to eradicate these remaining problems, which must not be allowed to become permanent."

The draft seeks savings of DKr7.7bn to achieve the government goal of unchanged spending, after allowing for unavoidable price and wage rises and technical adjustments. Most of these are to be found through cuts in social services and increased efficiency.

The government, a two-party centre-right coalition with only 59 of parliament's 179 seats, will launch negotiations on the budget next month with the six opposition parties, and economists said the issue of savings will be hotly debated.

As expected, the government proposed no tax cuts, although it is committed to them in principle. Denmark has the highest tax levels in the EC.

Opposition proves no match for Mexico's rulers

The Institutional Revolutionary party has recovered much of its support, writes **Damian Fraser**

THREE years after President Carlos Salinas de Gortari declared "the era of virtually one party rule has finished," Mexico's ruling party looks to have emerged from last week's national elections as dominant as at any time in its 62-year history.

In elections to the lower Congress, held on August 18, the Institutional Revolutionary party (PRI) gained 61.4 per cent of the vote, up from 50.7 per cent in a 1988 poll. It won 290 of the 300 directly elected congressional seats, 31 of the 32 senate seats and captured all six positions in the gubernatorial race.

The overwhelming victory – although short of the two-thirds majority necessary to secure constitutional changes – was disastrous for the two opposition parties.

The leftish Party of Democratic Revolution (PRD) won just 8.3 per cent of the vote, and not a single district – compared with the 31 per cent that its president Cuauhtemoc Cardenas achieved in 1988. And despite the collapse of the left-wing vote, the National Action party (PAN) vote was largely unchanged at 17.7 per cent.

The result, while expected, confirmed what a series of local elections since 1988 had suggested: that the PRI has recovered its pre-1988 support; that the PRD is almost finished as a national force; and that elections in Mexico continue to be marred by unequal competition between political parties.

Mr Salinas takes much of the credit for the PRI's recovery. His sound economic policies have paid dividends: this year Mexico's annual inflation rate will fall below 20 per cent, from 52 per cent when he took power, while Mexico's economy is growing at a real rate of more than 4 per cent a year, the fastest growth since 1981. The government's economic policies – from sweeping privatisations to the planned free-trade agreement with the US and Canada – have, according to a series of opinion polls, won broad approval from the electorate.

More importantly the PRI, shaken by near-defeat in 1988, has undergone a remarkable transformation in the past three years.

The party, once one of the most clumsy, albeit successful, election machines in the world, has become extraordinarily sophisticated. Following the disintegration of the Communist party in the Soviet Union it is now the oldest ruling party in the world, embracing the whole paraphernalia of modern election technology, from instant opinion polls to candidate assessment profiles.

Mr Donaldo Colosio, the PRI president, claims his party "is more agile" than in the past and has considerable grassroots support. More than half the candidates in August's elections were chosen by one of the three PRI corporatist sectors – the unions, *campesinos* (the agrarian sector), and the professionals, mainly teachers.

With ominous efficiency the party divided members into cells of five to eight people; each cell was responsible for soliciting PRI voters in its neighbourhood, seeing to the needs of potential voters, and ensuring sympathisers voted on the day of the election. Thanks in part to this formidable organisation two thirds of the electorate voted on August 18, compared with a turnout of 50 per cent in the 1988 presidential elections.

The PRI, and the government of Mr Salinas, has also been remarkably successful at exploiting divisions within the opposition.

The government has negotiated with the PAN leadership over bank privatisations and new electoral law, dividing the leadership from much of the party's less conciliatory rank and file.

The PRD has been beset by divisions of its own. Mr Cardenas, while widely admired in Mexico, has shown no interest in building up a solid party infrastructure. His party has also been split between former supporters of the PRI and those from the traditional left, and those who want to negotiate with the government and those who do not.

With the opposition parties divided, the PRI has swiftly re-established its hold at the centre of Mexico's political spectrum, and has successfully incorporated both left and liberal ideologies in the party.

Despite Mr Salinas's rather precipitous claim regarding the end of one-party rule, the government would like the PRI to be a catch-all party and like Japan's Liberal Democratic Party, for example, permanently in power.

This is made easier by the enormous resources the PRI has at its disposal. The government and the party still largely control the electoral process, the nation's television and much of the press. According to one study about 97 per cent of political advertisements from March 1 to election day supported the government or its programmes.

While the PRI's finances remain a mystery, the PAN claims the party outspent the two opposition candidates by at least 15 to one in the state of Guanajuato, where the closest gubernatorial race was run.

Mr Colosio claims that the imbalances in resources between parties will soon change and that the PRI will audit its finances. "The opposition finances need to be strengthened," he says, adding that "television is an aspect that needs more flexibility".

Such comments seem to hark back to the age when the PRI was so sure of victory it used to help the opposition. In similar vein, early last week the government, apparently embarrassed by the size of its victory, telephoned foreign correspondents to warn them that the PRI was going to lose the senate seat in Baja California.

Similarly the PRI seems to be negotiating with the opposition to give them certain selective victories in local elections.

The PRI will never be the same as it was pre-1988. It is better organised and more responsive to the electorate. As Mr Raymundo Riva Palacio, a columnist for the independent newspaper El Financiero, says, there are now many more people in the government in favour of genuine democracy.

Nevertheless, for those who thought that 1988's vote would bring multi-party politics to Mexico, this month's elections show there is still a long way to go.

INTERNATIONAL NEWS

Supreme Court lifts nine-month block on criminal proceedings

India re-opens Bofors inquiry

By K K Sharma in New Delhi

INDIA'S Supreme Court cleared the way yesterday for investigations to resume into allegations that Bofors, the Swedish arms manufacturer, made pay-offs to win a $1.4bn howitzers contract.

The deal was signed in March 1986 when Mr Rajiv Gandhi was prime minister and defence minister.

A legal inquiry was halted nine months ago after a high court judge accepted a petition that the preliminary charge sheet filed by the Central Bureau of Investigation (CBI) was illegal.

The Cantonal Court of Geneva, approached by the CBI for help in obtaining information about bank accounts in Switzerland, had asked the investigators to clear up the legality of its charge sheet in India first.

Following arguments before the Indian Supreme Court, the CBI's charge sheet has now been declared legal and the bureau has been authorised to carry on with its investigation.

Criminal proceedings in the Bofors case were begun almost two years ago when Mr V P Singh was prime minister. Fourteen people were named in the charge sheet.

Less than a year after the contract was awarded, allegations were made in Indian newspapers and in parliament that the Swedish company had paid "commission" amounting to more than Rs640m ($10.8m). Both Bofors and the government at the time denied the claims.

Thereafter, a series of revelations made in India and Sweden forced the government to admit that payments had indeed been made. Mr Gandhi, claimed that efforts to discover who the beneficiaries were had failed because Bofors refused to co-operate.

As further charges were made that the payments were made to bank accounts in Switzerland operated for Indians and Indian companies registered abroad, Mr Gandhi offered to have the entire matter investigated by a parliamentary committee.

Boycotted by opposition parties, the committee confessed its helplessness "to reach any conclusion in regard to the identity of the recipients" of what Bofors admitted were "winding-up costs" to its agents. Bofors has pleaded commercial confidentiality as grounds for not revealing names of people to whom payments were made, and Swiss banks have maintained their legendary secrecy.

US-Philippines pact signed over Subic Bay naval base

By Greg Hutchinson in Manila

THE PHILIPPINES and the United States yesterday signed a friendship treaty allowing US forces continued use of the naval base at Subic Bay.

Despite heavy damage caused to the base by the eruption of Mount Pinatubo last June, Subic Bay is sufficiently vital to US security interests in Asia for Washington to want to retain it.

The treaty, unlike past agreements regulating the US military presence in the country, deals with other topics, such as education, culture and economic co-operation.

It is hoped that the broad nature of the accord will convince a suspicious Philippines Senate to ratify it by the necessary two-thirds majority by September 16, thus allowing the US military presence to remain beyond that date.

The treaty provides for an annual review of the terms of the agreement, especially how compensation is allocated. A review group will meet for the first time in December.

The Philippines will receive compensation of $363m in US-programmed military and other assistance next year and a minimum of $203m thereafter.

About 8,000 US troops are based in the Philippines. Before Pinatubo erupted, closing Clark air base and forcing the evacuation of 20,000 servicemen and their dependants, the bases injected around $1bn a year into the country's economy.

● Philippine imports this year are running 8 per cent below last year's level, reflecting the effect of the 9 per cent import levy. This levy, introduced as a revenue-raising measure, was reduced last week to 5 per cent.

Mr Gabriel Singson, the central bank acting governor, said imports had fallen to $5.4bn as of mid-August from $5.88bn to the same stage last year.

The contraction was due to a 10.1 per cent drop in non-oil imports.

Ecological groups in US to form Green party

By George Graham in Washington

MORE than 300 of the US's disparate ecological and environmental movements are to band together to form the country's first nationwide Green party.

The movement's founders announced yesterday the creation of that most essential of American political weapons, a political action committee to raise funds for election campaigns.

The move was welcomed by counterparts in Sweden and Germany, where Green parties have achieved strong parliamentary representation.

The US Greens are modest about their electoral ambitions and plan to concentrate on municipal and county councils, where they can already claim 22 elected officials in 11 states – half of them in Wisconsin and California.

"We are not going to make the mistake of trying to elect a president before we can elect a dog-catcher," said Mr Howard Hawkins, a member of the Greens co-ordinating committee from Vermont.

The first obstacle for the party is to get its name on to ballot papers.

Rules vary from state to state, but Green candidates have won enough signatures to have their names entered on ballot papers for state office in New Hampshire and Vermont. Hawaii, Arizona and California – where the party already claims 35,000 of the 80,000 signatures it needs – are expected to be the next states where a candidate obtains recognition.

Ms Joni Whitmore is even more hopeful for the party's electoral prospects in her home state of Alaska.

"In Alaska we have an extremely weak two-party system dominated by the oil industry. In the foreseeable future the Green party will have the largest number of registered voters of any party in the state," she said yesterday.

In a country which has been dominated by the Democratic and Republican parties, this may be an optimistic goal. But the Greens already claim to have the most elected officials of any third party since the Farmer-Labor movement of the 1930s.

S Africa tackles jobs shortage

By Philip Gawith in Johannesburg

THE South African government has announced details of R1bn ($347m) worth of special capital projects to help ease the country's severe unemployment problem.

The projects will be funded by reducing South Africa's strategic oil reserves, a step the government announced in April as a result of the country's improved international image. The interim period has been spent selecting projects from proposals received involving more than R8bn.

Announcing the details of the spending yesterday, Mr Dawie de Villiers, minister of economic co-ordination and public enterprises, said the focus would be on projects which would promote socio-economic stability.

Allied to this were the goals of achieving economic growth, maximum job creation and contributing to greater investor confidence.

The government approved 677 projects, with about half the spending in the current financial year. The main recipients are infrastructure (mainly rudimentary services), 40.5 per cent; transport (roads), 20.3 per cent; education, 13.7 per cent; health, 8.4 per cent; and police, 6.2 per cent. Employment for about 59,000 people should be created.

Defiant democracy conference elects premier for Togo

By William Keeling

TOGO'S national conference on democracy has elected a new prime minister in defiance of President Gnassingbe Eyadema, who ordered the meeting be suspended on Monday.

Troops encircled the conference venue in the capital, Lomé, as the delegates – about 1,000 of them, drawn from civic, religious and political associations – elected Mr Kokou Koffigoh as prime minister. Mr Koffigoh, a lawyer and head of the country's bar association, heads the Togo Human Rights League.

Pro-democracy campaigners in many west African countries have used national conferences to restrict the authority of incumbent regimes and pave the way for multi-party elections.

Since convening on July 8, the Togo conference has voted a new electoral calendar, trimmed two years off General Eyadema's presidential mandate, and has been preparing to elect an interim government before general elections next year.

Gen Eyadema agreed to the conference after pro-democracy riots last April during which more than 20 bodies were discovered in a lagoon on the outskirts of Lomé. Critics of the regime accused it of being involved in the killings, which the government blamed on hooligans from neighbouring Ghana.

It was forces from Ghana which Gen Eyadema claimed were behind a failed coup attempt in 1986.

Most of the lagoon victims were reported to belong to the Ewe tribe, which has a history of hostile relations with the president's Kabye people.

This has raised concern that pressure on the president to relinquish office might lead to ethnic conflict. Tension increased last week when the defence minister, General Yao Amegi, warned the conference it risked civil war if it continued to strip power from Gen Eyadema.

However, delegates have adopted a hard line, and at the weekend appealed for international help in recovering funds which they said had been embezzled during Gen Eyadema's 24-year rule.

● In Ghana a timetable has been announced for a return to democratic government. Flight Lt Jerry Rawlings, the country's leader, said on Monday that political opposition would be legalised following a national referendum on a new constitution next February.

Under the timetable, legislative and presidential elections are scheduled for late 1992.

Cambodia's long, hard road to peace

Roger Matthews on how the warring factions reached an agreement

THE assertion yesterday by the warring factions in Cambodia that more than 20 years of appalling suffering and bloodshed are finally over may not immediately have a huge impact on a world which in the past 12 months has suffered or enjoyed an excess of momentous events.

There is still much room for scepticism, but seen against the backdrop of international political developments there is better reason now than at any time in the past two decades to believe that a lasting peace can be achieved in Cambodia.

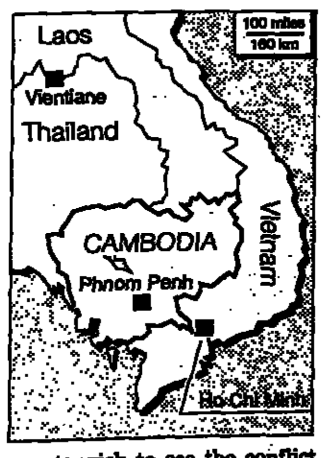
Mr Hun Sen, prime minister of the Cambodian government which was installed and sustained by Vietnam, emerged yesterday from negotiations with the leaders of the three guerrilla factions that have been fighting his regime for 11 years to say that the war was over.

Prince Norodom Sihanouk, the former Cambodian head of state, who for the west represented the non-communist alternative to the Hun Sen government, offered exactly the same message. "The war is over, over. . . ." he said.

The reason that the two leaders could offer such hope is twofold.

First, during the past two days the Cambodian factions have made substantive progress on the critical issue of disarming their forces.

Second, the governments which supported, armed and financed the Cambodian belligerents wish to see the conflict brought to a conclusion.



Since last autumn the Cambodian factions have been working within the guidelines of a peace plan agreed by the five permanent members of the UN Security Council. This called for the establishment of a Supreme National Council (SNC) on which all the Cambodian factions would be represented, including the Khmer Rouge, which wreaked such havoc on the Cambodian people from 1975-78.

One of the main functions of the SNC is to act as the repository of Cambodian sovereignty while UN personnel take charge of key government ministries to prepare for free and fair elections.

Two important steps along that road were a ceasefire, which has been more or less in operation since June, and then an agreement by all Cambodian forces to lay down their weapons. Given the bitter history of Cambodia, it was a requirement which had seemed to many almost impossible for the factions to accept.

However, in Thailand's seaside town of Pattaya yesterday the four military factions accepted a plan which would reduce their forces by 70 per cent and permit the remaining 30 per cent to be brought together in cantonments where they would pass their guns to UN forces.

It is an agreement that means little without the commitment of the powers supporting the four factions. For a start the agreement specifies only percentages, not actual numbers. The government in Phnom Penh and the Khmer Rouge, as the two main protagonists in the civil war, are both likely to cite figures well below true levels.

Equally, the Khmer Rouge is no more likely than the Baath party in Iraq to identify or relinquish the most potent parts of its weaponry. It is widely assumed that the Khmer Rouge has stockpiled enough Chinese-supplied weapons for months, if not years, of more fighting.

Similarly, Mr Hun Sen and his Vietnamese friends are not going to jeopardise so readily all they have achieved. The acceptance of a Khmer Rouge presence in Phnom Penh was in itself a considerable concession. Diplomats believe that the central government has close to 100,000 men in uniform while the Khmer Rouge may be able to field some 30,000 fighters. The number of adequately trained forces on either side is very much smaller and it may well be that it is precisely those men who will never appear at the UN monitored cantonments.

Representatives of the five permanent members of the Security Council will consider in the next few days whether to accept the Supreme National Council's amendment to the UN plan which had called for the demobilisation of all forces. They will obviously be concerned not to give their support to an agreement which either was impossible to police or threatened the chances of organising impartial elections.

The key to what has been achieved so far lies in the relationship between China and Vietnam. The two hitherto implacable enemies have been thrown together by the collapse of communism in eastern Europe and now in the Soviet Union.

Almost alone in the world they still insist on the political supremacy of their parties, while seeking to introduce aspects of a market economy. To square this circle they must have, above all else, access to western economies. This week's agreement in Thailand suggests that control over Cambodia is a price they are having to pay.

Insolvencies and bankruptcies rise in second quarter

By Neil Buckley

ONE in 50 active companies went into liquidation in the year ending June 1991, according to Department of Trade and Industry figures released yesterday.

Company insolvencies in the second quarter of 1991 rose to 5,495, compared with 5,338 in the first quarter, and only 3,284 in the same period last year - an increase of 67 per cent.

The report, published by the Association of British Chambers of Commerce on behalf of the DTI, said insolvencies in the year to the end of June 1991 totalled 19,335, or 2 per cent of all active companies.

Personal bankruptcies rose by 90 per cent, from 3,073 in the second quarter of 1990, to 5,765 in the last quarter.

Mr Ron Taylor, director general of the Association of British Chambers of Commerce, said the figures had alarming implications for unemployment, and showed that the economy was still in the midst of a deep recession and some way from recovery.

"This is not a shake-out of inefficient organisations, but good companies unable to survive any longer in the face of a harsh economic climate," he said.

Labour called for the government to ease the interest payment burden on industry by cutting lending rates, and to take "emergency" training and employment measures.

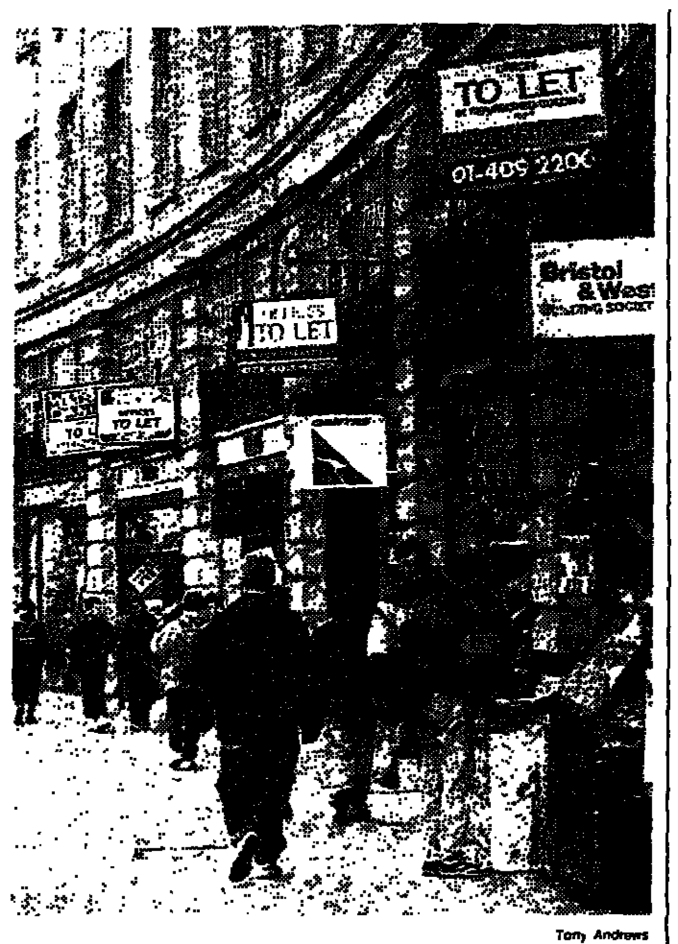
Mr Gordon Brown, the trade and industry spokesman, warned: "Without action, Britain faces another autumn and winter of bankruptcies, closures and redundancies as the result of mistakes made by the government."

Mr Eric Forth, the small companies minister, countered Labour's claims by saying that business registration figures for the first quarter of 1991 showed that there were more registrations than deregistrations. While the number of company liquidations had increased, the number of registered companies had increased by more than 400,000 during the 1990s, Mr Forth said.

● Some businesses in northern England have decided to wait until after the general election before making large investments, even though they are financially sound enough to start trying to force growth now writes Ian Hamilton Fazey.

If such self-imposed restraint spreads, it is sure to create problems for the government, which is hoping for upturn to help its election chances. The north, which accounts for nearly a quarter of UK gross domestic product, has escaped the worst of the recession, and was expected to be a leading indicator of recovery.

However, Mr John Kirton, president of Teesside chamber of commerce, said: "A considerable number of companies have the cash but they are waiting for some kind of signal."



Tony Andrews

Harsh reality: offices advertised for let in central London

Motor industry trade deficit falls

By Kevin Done, Motor Industry Correspondent

THE rapid improvement in the UK motor industry trade balance accelerated in the second quarter with the deficit falling to only £276m from £1.499bn in the corresponding period a year ago.

The recovery has been driven both by the recession, which has sharply depressed imports of new cars and commercial vehicles, and by the marked improvement in the industry's car export performance.

The deficit in the first six months has been reduced by 79 per cent to £617m from £2.997bn a year ago. The value of motor industry exports rose by 18 per cent to £5.474bn, while the value of imports fell by 20 per cent to £6.091bn.

The motor industry has been an important factor in the overall recovery in the UK balance of trade this year, but Mr Simon Foster, director of the Society of Motor Manufacturers and Traders, warned yesterday that the size of the improvement in the first half was "misleading".

"In a normal year with car sales around 2m the resultant level of imports less the recent large gain in exports would have produced a six month deficit of £2.1bn."

UK new vehicle demand has fallen steeply during the recession, and leading car makers are currently forecasting a fall in new car sales to around 1.55m from 2m in 1990 and a record 2.3m in 1989.

According to figures released yesterday by the SMMT, car exports in the first half of the year jumped by 85 per cent in volume to 326,687, while imports fell by 31 per cent to 447,989 compared with the corresponding period a year ago.

By value car exports rose by 49 per cent in the second quarter to £1.059bn and in the first half by 44 per cent to £2.015bn compared with the corresponding period a year earlier.

The jump in the volume of car exports has been driven in particular by the expansion in the output of Nissan's car plant in Sunderland, which is scheduled to increase production this year to 120,000 – from 76,000 in 1990 – of which close to 90 per cent will be exported.

Vauxhall, Ford and Rover have also mounted significant export programmes this year, helped in particular by the strength of the German new car market.

The value of new car imports, traditionally the biggest single factor behind the motor industry trade deficit, was 26 per cent lower in the first half than in the same period a year ago at £2.925bn.

The trade performance of the automotive components sector has also improved this year with a 9 per cent jump in the value of exports in the first half to £2.37bn.

COMPANY NOTICES

THE BCCI SHUTDOWN

Creditors fail in court petition

By Andrew Jack

CREDITORS of the Bank of Credit and Commerce International yesterday failed in their bid in the High Court in London to have a second firm of provisional liquidators appointed alongside Touche Ross.

Sir Nicolas Browne-Wilkinson, the Vice Chancellor, rejected three separate calls by groups of creditors to appoint a firm of liquidators of their own choosing, and stressed the independence of Touche Ross's position.

However, he suggested that an informal consultative committee might be set up to help provide the creditors with information.

The action followed worries by creditors that Touche Ross would not have sufficient resources to manage the provisional liquidation on its own.

There were also concerns about a conflict of interest, since Touche Ross was appointed by the courts on the nomination of the Bank of England.

In the High Court yesterday, three sets of creditors' lawyers asked for an adjournment of their petition while there was a possibility that BCCI might be restructured.

The move followed a letter from Sheikh Zayed and the Abu Dabhi government, the majority shareholders in BCCI, that appointing a second firm of liquidators would not be helpful to their efforts to restructure the bank.

The Vice Chancellor overturned the request for a delay, and urged the creditors' lawyers to stress to their clients that Touche Ross was acting independently.

The creditors' lawyers said they did not have plans to continue actions.

Touche Ross said yesterday it was pleased with the court decision, and was in favour of discussions with creditors through an informal committee "if that it what is seen to be necessary."

● HONG Kong has delayed the winding up of Bank of Credit and Commerce (Hong Kong) in a bid to find a buyer for the bank, Angus Fraser in Hong Kong writes.

The provisional liquidator was granted a two month adjournment by the High Court yesterday and is continuing discussions with three groups who are interested in buying the bank.

But Mr Noel Gleeson, registrar general, said a buyer would have to be found quickly because keeping the bank viable is costing about HK$1m a day in staff and operating costs. BCC(HK) was closed down in July moves by regulators around the world. The Hong Kong arm has not been implicated in the fraud discovered elsewhere in the group.

Securing a buyer for the Hong Kong arm rests on the provision of a guarantee by the Abu Dhabi authorities covering unrecorded liabilities. Abu Dhabi has indicated it is prepared, in principle, to provide a guarantee covering unrecorded liabilities discovered before November 5. But potential buyers are concerned some liabilities may take longer to unravel.

Vaccine is being developed as alternative to contraceptive pill

By Clive Cookson

BRITISH ASSOCIATION
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AN entirely new type of contraceptive, based on vaccinating women against sperm, is being developed at the Medical Research Council's Reproductive Biology Unit in Edinburgh, with funding from Organon, the Dutch pharmaceutical company.

Dr John Aitken, whose laboratory is carrying out the research, told the British Association meeting in Plymouth the idea was to produce a safe, reliable and long-lasting alternative to the contraceptive pill. One shot of the vaccine would protect against pregnancy for three or four years. It would appeal particularly to women in their 30s who had had a family but did not want to be sterilised permanently.

"The reason why there has been no radically new form of contraception since the introduction of the pill in 1960 is that the pharmaceutical companies have been reluctant to become involved in developing one," said Dr Aitken.

But that reluctance, based on the very high costs of safety testing new contraceptives and fear of litigation if anything goes wrong, is beginning to change. Organon, the world's largest contraceptive pill manufacturer, recently agreed to pay £150,000 a year to support the MRC's contraceptive vaccine work in Edinburgh. (Organon is part of Akzo, the large Dutch chemical group.)

Dr Aitken warned that, even if the work went well, it would take 10 years to develop, test and approve the vaccine for commercial use.

Training 'will improve work ethic'

THE BEST way to improve the British work ethic is to improve the skill of the workforce, not to promote Thatcherite "go-for-it" individualism, the British Association heard at its meeting, writes Clive Cookson.

Mr Michael Rose of Bath University's Centre for European Industrial Studies based his conclusion on a study of work attitudes among 3,600 working men and women, funded by the Economic and Social Research Council.

He found that traditional public-sector employees such as teachers have as strong a work ethic as upwardly mobile managers.

Two-thirds of people with a strong work ethic do unpaid overtime – and enjoy it. "Most workaholics are happy," he said.

"For a new work ethic, politicians should replace insecurity and on-your-bike policies with training," Mr Rose said.

"People who repudiated on-your-bike policies were actually the most likely to 'go for it' either in their own business or becoming self-employed," the survey showed.

Women's work ethic is growing fast, he said. "Women with high skills have a strong work ethic – as strong as men's with similar jobs. Women often lack the work ethic because they are trapped in dead-end part-time jobs."

And Mr Rose attacked people who called for a return to Victorian values at work.

"Most Victorians actually had a feeble work ethic but worked hard because they had no choice."

LLOYD'S

Disclosure of salaries may speed reform

By Richard Lapper

DISCLOSURE of details of underwriters' salaries should help strengthen moves to reform the Lloyd's insurance market, the Association of Lloyd's Members said yesterday.

The ALM represents the interests of more than 9,000 Lloyd's Names, the individuals whose capital backs underwriting on the insurance market. It sponsored the report on underwriters' salaries.

The report, which is based on an independent analysis of syndicate accounts, shows that well over a third of syndicates at the Lloyd's of London insurance market paid their underwriters more than £100,000 last year.

More than 20 underwriters received more than £200,000. Five were paid more than £300,000. A total of 172 syndicates paid their underwriters between £50,000 and £99,999. Several underwriters work for more than one syndicate.

Lloyd's ruled earlier this year that managing agents, who look after the affairs of syndicates, must publish details of underwriters' remunerations.

Mr Mark Farrar, ALM chairman, said Names were concerned where underwriter received a high salary but committed only a small amount of capital to his own syndicate.

Names now had the information available allowing them to leave such syndicates, which would therefore find it more difficult to survive.

"We'd like to see the future of Names and underwriter come closer together. Remuneration should mirror the underlying fortunes of the Names. That is something Lloyd's is going to have to put right," said Mr Farrar.

The ALM was not concerned where the remuneration "was properly earned. The sky is the limit if the Names share in the prosperity," he added.

The ALM has reported details of the performance of members' agents – the businesses which handle the affairs of Names and channel them into underwriting syndicates – for several years.

Profit at a premium, Page 9

Clothing exports rise by 10% in first half of year

By Alice Rawsthorn

A HEALTHY increase in exports helped to lighten the gloom in the clothing industry during the first half of this year, according to figures from the British Knitting and Clothing Export Council.

The value of the UK's clothing exports rose by more than 10 per cent to nearly £800m in the first six months of 1991 compared with the same period of the previous year. This increase was chiefly due to buoyant demand from continental Europe. Sales of clothing to Japan and the US fell slightly during the first half.

However, the BKCEC expects the level of demand from Japan to increase in the second half, traditionally the strongest part of the year for the Japanese market. It also expects to see a recovery in demand from the US once that country pulls out of recession.

The increase in clothing exports came at a critical time for the industry, which, like other areas of the textile sector, has suffered severely in the recession. The UK clothing companies have been hit by depressed demand and an increase in imports in the domestic market.

During the first quarter of 1991 these problems were aggravated by the instability caused by the Gulf war and by bad weather, which prevented people from going shopping.

The most recent figures from the Apparel Knitting and Textiles Alliance (AKT) recorded a 9 per cent fall in clothing output in the first quarter.

Political oratory has new uses

ACADEMIC research into political oratory is being applied commercially in training programmes on public speaking and business presentation skills, the association meeting heard yesterday writes Clive Cookson.

Research begun at the Oxford Centre for Socio-Legal Studies in the mid 1970s received its first public demonstration in 1984. A woman with no public speaking experience was coached to make a speech from the floor at the SDP annual conference – and received a standing ovation.

The techniques are now applied at Henley Management College and have been used in in-house training programmes for 50 companies and public bodies. Mr Max Atkinson, a communications specialist at the college, said: "Hundreds of individuals have been through such programmes and the vast majority have made rapid and significant improvements."

He described how rhetorical devices were used to transform a computer sales pitch.

Mr Atkinson said the courses had not only improved business presentations but also, unexpectedly, reduced their costs. This was because trainees used fewer expensive slides and made fewer last-minute alterations after their speaking style and confidence had improved.

BRITAIN IN BRIEF

UK port to proceed with privatisation

Clyde Port Authority announced that it is to be the third UK port to proceed with privatisation under the terms of the Ports Act which came into effect four weeks ago.

Clydeport is the largest port authority in terms of area in the UK - covering 450 square miles of the Clyde river and estuary including the ports of Glasgow, Greenock, Ardrossan and Hunterston.

It proposes to become a public limited company which will then be put up for sale by tender.

Mr John Mather, the port's deputy chairman and managing director said he would head a management/employee bid for the port. Clydeport, which has 300 employees, made a pre-tax profit of £2.2m in 1990, and has assets valued at £15.1m.

'Junk' mail volume falls

The volume of direct mail, or "junk mail", pouring through British letterboxes fell in the first half of this year, according to figures from the Direct Mail Information Service. Direct mail, or the promotional literature sent through the post, experienced rapid growth in the 1980s when it emerged as one of the most dynamic areas of marketing services.

However, the combination of the recession and instability caused by the Gulf war depressed the market in the first six months of this year. The number of direct mail items sent in the UK fell by 5 per cent to 1.15bn during this period, compared with the same quarter of the previous year.

Bank to levy card charge

National Westminster became the last of the big four banks to levy annual charges on credit cards. It said the £12 fee could lead to the loss of 10 per cent of its card customers. The charge, which takes effect on October 15, will affect the 4.4m holders of the bank's Access and Visa cards, as well as its "affinity" Visa card, which makes donations to the Worldwide Fund for Nature. Lloyds Bank, the first to introduce the fee last year, also levies £12. Barclays charges £8 and Midland £10.

Spanish group to build plant

Ficosa International, the Spanish automotive component manufacturer, is to build a new plant at Tamworth, west Midlands. It is investing £3m and the Department of Trade and Industry is providing £450,000 of regional selective assistance. Remote control cables and window washing systems will be made at a 21,000 square feet plant where 100 people will be employed. Ficosa's UK operations hitherto have been confined to a sales and engineering operation in Essex.

Health records access assured

Patients will have full access to their health records from 1 November under the Access to Health Records Act 1990, Mr Stephen Dorrell, junior health minister, (pictured above) has announced. The act requires holders of health records to disclose health information on application by a patient. Mr Dorrell said the act will provide "a further extension of glasnost in the health service", following on from the Data Protection Act 1984, which gives the right of access to computerised health records.

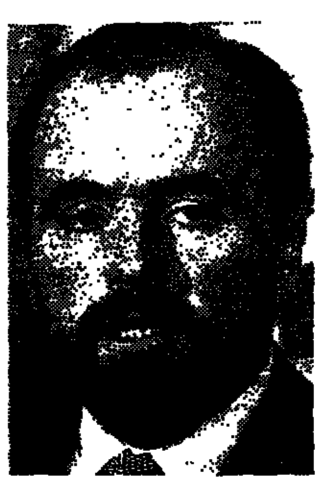
Performance pay warning

Extension of performance-related pay in the Civil Service will seriously demotivate staff and is doomed to failure, a union leader has warned.

Mr Peter Jones, general secretary of the Council of Civil Service Unions, also said the promotion of performance pay envisaged in the government's Citizen's Charter could lead to the Treasury losing its grip on pay in government departments.

Mr Jones's criticisms in the CCSU's monthly bulletin come as the Inland Revenue Staff Federation steps up its campaign for reforms in the way performance pay operates for its members. At a meeting next month with Mr Norman Lamont, chancellor of the exchequer, the union's leaders will say that widespread dissatisfaction with performance pay was a significant factor in their members' recent rejection of a 6.5 per cent pay increase.

Dromey claims he is ahead



Mr Jack Dromey, one of the three contenders for the job of deputy general secretary of the TGWU general union, (pictured above) claimed to be leading the field in nominations for the post from the union's branches.

With under three weeks to go before nominations close, Mr Dromey said that he had received backing from over 200 branches, "well in excess of the other two candidates put together," with strong support, in particular, from London, the south-east and Scotland.

Mr Jack Adams, the other leading contender, claimed earlier this month that he had the support of the overwhelming majority of national officers in the union. Mr Adams also has the backing of the strong Broad Left grouping within the union.

Oil output set for recovery

British oil output is set for a sustained recovery following a heavy round of maintenance work, the Royal Bank of Scotland said in its latest Oil Index.

July output rose 16.4 per cent from June at 1.87m barrels a day, putting the bank's index of oil output at 113.4 (1980=100). The July value of oil production at £21.9m a day was up 24.4 per cent on the June figure and the highest this year, helped by the strong US dollar and a firmer oil price.

The bank said the recovery in oil production could have a measurable effect on the all-industries index of production for the UK, "and will provide ammunition over the coming months for the optimists' view that the economy is moving out of recession."

Women dons paid less

Women academics face discrimination in pay and conditions throughout higher education, according to two union surveys.

Women professors are paid an average of £2,000 less than their male counterparts, according to a survey of 1,720 university professors and senior staff at 55 institutions conducted by the Association of University Teachers in January and February.

'No sign of housing upturn'

The Building Societies Association said that there was no sign of any upturn in the housing market, when disclosing that societies made net new commitments to lend £3.89bn in July, down 2 per cent on the previous month.

Gross mortgage loans were £4.16bn, up 18 per cent, reflecting commitments made two months earlier.

Job cuts

Pilkington Insulation is to cut 40 jobs at Pontyfelin in south Wales and 144 posts at St Helens in Lancashire. The company supplies insulation products to the construction industry which has been hard hit by the recession.

TELEVISION

The negative new discrimination

BBC2 is currently broadcasting a series on Tuesday evenings called *Hear Say* which, we are told, "challenges black communities' positions on campaigning issues". In a recent edition two young black men explained ways in which they felt they had suffered from racism. One had been told by his school that his hairstyle – a modified flat-top with a doorstep effect on one side and an area apparently dyed ginger – was unacceptable. The other had been put in the top academic stream and complained that this was a way of separating him from his black friends.

In each case the idea that "racism" was at the heart of the incident seemed absurd. Many of us have been told by our schools that our hairstyles are unacceptable, and anyone who truly believes that selection for the A-stream represents some cunning form of racism is surely close to paranoia. Yet that was not the worst of it. In this studio discussion programme, with scores of people banked up ready to participate, and with Trevor Phillips, an excellent television journalist with an outstanding record in current affairs programmes at London Weekend TV leading the discussion, nobody demurred.

We appear to have reached a point in broadcast journalism where "racism" means anything that makes a black person feel bad. Indeed racism now seems to be just about anything a black person says it is. Watching the various programmes about race on television – and there are more and more of them – you get the impression that whenever one of life's familiar tribulations, large or small, happens to affect a black person, this is put down to racial discrimination. Given the unpleasant nature of so much black experience in this country that is not so very surprising.

What is upsetting, however, is the abject failure of the liberal nerve; the inability to stick with fair dealing and even-handedness once the demands for special treatment begin to come in from a group which liberal broadcasters see as inherently "disadvantaged" – black people – and the consequent keenness these days of broadcasters to produce programmes which are themselves fundamentally racist, though now the racism is black rather than white.

Channel 4 must take much of the blame. From the beginning, and even before they came on air, those running it seem not only to have accepted the view that the old liberal ideals of integration and "colour blindness" had failed (even though history suggests such matters may take far longer to succeed than black immigration has yet had in Britain) but that the only alternative was to provide black people with a mirror image of white racism: in addition to white separatist attitudes we would now have black separatist attitudes, if whites made absurd and insulting generalisations about black people, black people would do the same about whites, white triumphalism would be matched by black triumphalism.

The difference was that while the broadcasters loathed these attitudes among white people and excluded them totally from the airwaves, entire series were to be devoted to their black equivalents. Is this really thought to be helpful to the community at large? The images of black Africa conveyed to children in my schooldays came from the *National Geographic* magazine and occasional 8mm film shows which seemed to consist almost exclusively of witch doctors, frenzied dancing and the paddling of war canoes. It was a ridiculously selective picture which, as far as I remember, excluded any reference to colonialism. And what do children see now, in this enlightened age? A recent edition of *History File* in BBC2's morning programmes for schools gave an account of Zimbabwe which blamed every ill on colonialism and conveyed the impression that all white Rhodesians were slavering racists.

From Robert Mugabe there was talk of armed struggle and the importance of one-man-one-vote, accompanied by dignified pictures of military drill by Zanu. There was no mention of internecine strife between Zanu and Zapu, nothing about the horrors of tribalism, not a word about one-party states.

Similar sins of ommission have marked almost every programme I can remember about slavery or apartheid. Slavery was an utterly appalling business, but does it really help that television habitually suppresses the role played by Arab and black slave dealers? There are, of course, historical reasons for the plethora of programmes about the evils of apartheid (the most recent being this week's *Everyman* in which Archbishop Trevor Huddleston returned to South Africa to open the ANC conference and, it seemed to this viewer, to patronise black people with an attitude which suggested they were all charming children).

Britain's "family connection" with white South Africans has produced agony in the liberal conscience which has been expressed in the form of these breast-beating programmes about the wickedness of apartheid. Years of these, combined now with all the programmes about the horrors of being black in Britain, have produced the impression that white Britons are uniquely wicked in their tribal hostilities.

Evidence from everywhere – India, Yugoslavia, the middle east, black Africa – suggests otherwise, but that evidence rarely turns up on television. When did you last see a programme about the heinous effects of tribal exclusivity in a country other than South Africa? On the other hand we have a collection of series which are racist because they are designed to show the world from an exclusively black or brown point of view.

There are all sorts of problems of social and financial inequality all over Europe, but *Black On Europe* insists on interpreting these problems solely in terms of colour. The exploitation of smallholders by big landowners could be covered in northern Scotland or central Italy but because *East* is a series designed expressly for British Asians it sees this problem in exclusively brown-skinned terms. *On The Line* shows the huge discrepancies between sporting facilities for blacks and whites in South Africa – as though equally unfair discrepancies did not occur in a hundred other places.

The irony is that these purposely biased programmes, which look as likely to increase resentment among "disadvantaged" white viewers as to reduce it among blacks, are howling ever more raucously about discrimination long after it has become clear that in television, at any rate, a black skin is no disadvantage. In discussion programmes on this subject you still hear the claim that "There are no positive black role models on television" but that flies in the face of all the evidence.

From rock music, which is now dominated by black performers, to sport (Lewis and DeFreitas, Sanderson and Whitbread), from comedy (Curtis and Ishmael, Lenny Henry, Bill Cosby) to news reading (Trevor McDonald, Moira Stewart) from Craig Charles with his tabloid journalism in *Them And Us* to Stuart Hall with his heavyweight series *Redemption Song*, from Oprah Winfrey to Linford Christie, television is packed with positive black role models. They are already comfortably integrated into mainstream television, not set aside in special little watertight compartments. But the beneficial long term effects of their presence on screen to the British community in general, far from being helped by television's all too "racially aware" series, will almost certainly be hindered by them.

Christopher Dunkley

Positive images: Lenny Henry, Trevor McDonald and (bottom) Luther Vandross with Oprah Winfrey

Christmas Eve

PLAYHOUSE THEATRE, EDINBURGH

The devil is a pretty feeble figure in Rimsky-Korsakov's *Christmas Eve*. Whatever he does, it seems to have little influence on the progress of the opera, which is a shame, as we could have done with the flames of hell to turn up the heat on Sunday in this decidedly lukewarm performance.

The first British production of *Christmas Eve* was at English National Opera just a couple of winters ago. It scored quite a hit at the time and that is not surprising, as Rimsky-Korsakov turned out a typically well-crafted and unambitious opera which more or less plays itself. It is packed full of sugary content to tempt an audience's sweet tooth, from seasonal celebrations and magic spells to a double ride (there and back) on a flying horse.

If the Bolshoy's production of it at Edinburgh was more entertaining than its *Eugene Onegin* had been, that is because the company did not stint on the prettiness and special effects. Gauze and flickering stars provided a magical haze above, while furry animals, a pantomime cow and little houses covered in snow littered the stage with accumulated clutter.

It would be pushing it to describe the stage pictures as beautiful, but at least there was plenty to look at through the whole of the second half. The show also had a certain period style about it (1898, when the opera was first produced by the Bolshoy? No, surely even this company cannot keep its productions that long). But years of tradition informing the performance style are never by themselves enough. This looked like a tired rehearsal of the moves on the night, only now and again infused with energy by the conductor, Alexander Lazarev.

I attended the second performance on Sunday. As there had been encouraging reports of the first cast the night before, this was evidently a mistake. Nina Rautio, who had been an unappealing Tatyana in *Eugene Onegin*, revealed herself as one of the company's best singers, a secure Oksana vocally, who found it easy to dominate her colleagues. Lev Kuznetsov was a rough-and-ready Vakula, the only other soloist in this cast to merit an individual mention.

One lacklustre production at a festival might be forgiven as an aberration; but two cannot be an accident. A comparison with rivals from Leningrad will no doubt be regarded as odious. But the Kirov Opera came to Edinburgh with exciting young singers and a high degree of concentration in its music-making. Aside from its orchestra, which is a cut above the average, the Bolshoy looks and sounds like a company in need of a good shake-up all round.

To make matters worse, this was another botched evening. The cast managed not to keep bumping into the furniture this time, but they still had to go trotting about the stage in search of a spotlight. The prompter was constantly audible. The surtitles failed to materialise. Worst of all, the venue itself is inimical to opera. Edinburgh has had a long search for a viable opera-house and the awful Playhouse Theatre is clearly not it.

Richard Fairman

Berlin Philharmonic

ROYAL ALBERT HALL, RADIO 3

It didn't happen while Karajan was ruling the Berlin Philharmonic with a will of iron, but on Monday the orchestra made its first visit to the Proms, under its new chief conductor, Claudio Abbado. Their programme of Brahms' Second Piano Concerto and Mahler's Fourth Symphony also signalled a new approach: Karajan on tour with his orchestra would never have shared the limelight with a soloist, especially one of the stature of Alfred Brendel.

What has not changed at all with the new regime is the quality of the performances. The symphony was a feast of beautifully realised detail, with Abbado's searching concentration digging ever deeper into the textures. His Mahler has as fine a control of shape and form as anybody's, demonstrated in the Fourth in his entranced moulding of the slow movement, but it also explores colour and line with a precision that is quite special. The sinewy thickets that emerged in the second half of the scherzo, and those moments in the finale (in which Cheryl Studer was the radiant, relaxed soloist) when the music harks back to darker memories, sometimes gave his account an almost expressionist perspective.

In everything the Berlin orchestra was gloriously responsive, realising Abbado's grainy surfaces just as faithfully as it did his predecessor's smoother blends, and providing wonderful support in the Brahms concerto. Brendel was at his most imperious, settling after a nervy beginning in which note lengths were chopped short and phrases pared down; each section grew organically, acquiring ever greater expressive weight. Slow movement flowed into finale without a hint of a pause, and there it seemed that Brendel finally began to enjoy himself, finding lilting dance rhythms in the episodes, and matching the inflections of the orchestral soloists trick for trick.

The biggest surprise of the evening was left until last: for an encore there was a high-voltage account of Rossini's overture to *Guillaume Tell*, in which everything from opening cello solo to racing brass and precision string figuration seemed larger than life. It was a display of astonishing technical accomplishment, but informed with the sense of style and idiom that is Abbado's special gift to his new orchestra.

Andrew Clements

Moscow City Ballet

BIRMINGHAM HIPPODROME

The autumn brings an influx of Soviet ballet companies, with four troupes scheduled to present themselves variously in the regions and in London. The first, and largest, of these visitors is Moscow City Ballet. Founded six years ago by Viktor Smirnov-Golovanov, it offers, of course, the staple classic diet of *Sleeping Beauty*, *Swan Lake*, *Giselle*, plus a triple bill of contemporary Soviet choreographies. Its identity is dictated by its traditional offerings, and by the fact of its being a largely youthful ensemble, though headed for this British visit by illustrious guests – Lyudmila Semenyaka, Yelena Pankova, Galina Mezentseva.

Its tour began on Monday night in Birmingham with – what else? – *Swan Lake*. "Do what you like, but call it *Swan Lake*" is the soundest commercial (if not artistic) maxim of our time for ballet companies, and this staging is a strange and not vastly convincing example of that fact. The version offers a shopping-list of meddling fingers – no less than seven names are credited as having contributed to its misdemeanours – and the production might be improved if one guiding intelligence were to accept that simplicity of means is the proven formula for success with these care-worn classics.

The staging seeks to make the point that Siegfried's indecisions, the haunting effect of Odette's presence, justify the drama. Entirely valid as dramaturgy, it fails through sometimes uncertain and unclear production – though I accept that a first performance on a long tour is hardly the ideal introduction to a presentation which will be tightened during subsequent showings. And with a stronger focus for the action than the bland view of Siegfried proposed by Sergey Gorbachev, this *Swan Lake* may seem more probable as a view of a lyric tragedy.

Matters are in no wise helped by undistinguished design. Natalia Povago's sets are feebly conceived – backcloths that are neither evocatively literal nor poetically abstract, and hang about like uninvited guests at the court and lake-side scenes. Historically imprecise costumes offer that unbecoming mixture of metallic furnishing fabric and gauze which is the blight of Soviet stage decoration. The sum effect is flimsy, improbable, and this *Swan Lake* needs to be rooted in a recognised Russian production history – preferably that of the Kirov Ballet.

The young performers work with a will: the swan cohort is well-drilled; the courtiers clean in style, and there is a well danced and securely schooled Benno from Alexander Kirichenko. Problems attend the appearance of von Rothbart, who is called upon to behave like an enraged blackbird, and never convinces as an evil genius (and he cannot even afford a new outfit for the ball). There was also, on Monday night, a Jester (Alexander Korenek) notable, even among the abominable legion of his kind, for unrelenting roguishness.

But none of this mattered one iota as Lyudmila Semenyaka came to the shores of the lake. She appears, and we are in the presence of a being from a better world, in whom exquisite physique is united with nobility of style and step. Her interpretation was more potent and more mysterious than any we saw when she was last in London with the Bolshoy Ballet. This Odette was a haunted being, a doomed queen among swans, prey to unguessable sorrows. Her Odile was imperious, commanding Siegfried as she commanded the stage, with unforced grandeur.

It was in many ways a Racinian performance, the inevitability of alexandrines translated into classically exact style, the fires of emotion shining through the dignity and formal grace of her playing, illuminating the role and the ballet. She merited far stronger musical support – orchestral texture was too thin, Chaikovsky's resonances muted – but she was well supported by Sergey Gorbachev as partner, and she told us beautifully of the continuing truth of *Swan Lake*.

Clement Crisp

Mozart Now

QUEEN ELIZABETH HALL

The South Bank's ambitious fortnight-long *Mozart Now* festival opened on Saturday night at the Queen Elizabeth Hall. The series of events has been substantially planned by the critic Nicholas Kenyon, who explains that its aim is, by exclusive and enterprising reliance on period instruments, to make Mozart's music sound as though it were written yesterday. Perhaps a *Mozart Now* undertaking really ought to be trying to make Mozart's music sound as though it were written today, or better still, tomorrow; but there is no doubting the collective enthusiasm of today's audiences and musicians for taking a period sound to heart as a thing genuinely and marvellously of the moment.

In any case, the first item on The Orchestra of the Age of Enlightenment's programme was a time-traveller. John Woolrich's cumbersomely titled *The theatre represents a garden: night* styles itself a "necklace of fragments, transcriptions and recompositions" in homage to Mozart, virtually all its material coming from Mozart, mostly from unfinished or sketched pieces, and from music for piano, wind band and string ensemble rather than orchestral works. Using the harmonic structure (the composer tells us) of Act 4 of *Figaro* (from which act he derives his title), and slipping in one of Busoni's transcriptions of Mozart, for good measure, Woolrich has orchestrated a subtle *divertimento*, doing for stray instrumental Mozartiana something like what Paul Griffiths's libretto did for the stray operatic arias in his recent pasticcio, *The Jewel Box*.

The piece is over-long and rather crabbed in manner, with deliberately jerky continuity; but its studious and exploratory writing for period instruments enabled one to muse on the difference between what we take to be the sonorities that Mozart had in mind and what might be made of them by composers of today.

The remainder of the programme – the evening's conductor was the excellent Frans Brüggen – brought a lively semi-staging of Mozart's operatic send-up, the one-act Singspiel *Der Schauspieldirektor*, K. 486, in which Claron McFadden shone as the first to warble of the rival *prima donnas*; and a biting overwhelming account of the torrentially inventive, if incomplete, C minor Mass, K. 427. Judith Howarth and Barbara Bonney were the soprano soloists here, to be heard in surging luminous antiphony in *Domine Deus, rex coelestus*. Ms Bonney was superbly touching in *Et incarnatus est*; (to which Andrew Watts's period bassoon made an important contribution); and the Choir of the Enlightenment intoned the daunting *Qui tollis peccata mundi* with fateful, solemn, sharp attack, and took glorious wing in the fugue of *cum sancto spiritu*.

Paul Driver

SUNDAY NIGHT brought Glyndebourne Festival Opera to the Albert Hall for its annual Prom with Mozart of a very different hue. Though period performance is starting to make inroads in Sussex, with Simon Rattle's *Cosi* and *Figaro* with the OAE, the *Clemenza di Tito* that opened last month in Nicholas Hytner's production is given in a solidly traditional performance, with Andrew Davis conducting the London Philharmonic.

The leaden overture with which Davis opened this semi-staged performance of *Clemenza* was no advertisement for the residual virtues of traditional Mozart playing.

Not until well into the first act, when Diana Montague began to strike sparks with Sesto's *Parto, parto*, did the performance take off. The second act was kept dramatically taut and intense by Montague and Philip Langridge's increasingly authoritative *Tito*.

Other roles did not transfer so comfortably to the Albert Hall. Elzbieta Szmytka made a warm-toned, compassionate Servilia, Peter Rose a dogged Publio, but Ashley Putnam in particular seemed strained, never projecting Vitellia with intensity; Martine Mahe was an uneven Annio. The ingredients never quite gelled to make the memorable occasion that Glyndebourne's Prom visits so often are.

Andrew Clements

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Beurs van Berlage 14.30 and 20.15 *Friends for Life: an Aids benefit* concert with the soprano Roberta Alexander and the New York City Gay Men's Chorus, in a programme of music by Elgar, Verdi, Bernstein, Sondheim and Abba (6270 466)
Concertgebouw 20.15 Riccardo Chailly conducts Royal Concertgebouw Orchestra in Brahms' Third Symphony and Dvorak's Violin Concerto, with Midori. Sat: Chailly conducts Bruckner and Frank Martin. Tomorrow: Jean Fournet conducts Dukas and Ravel. Fri: Rotterdam Philharmonic Orchestra (6718 345)

■ BERLIN

Deutsche Oper 19.30 Otto Nicolai's comic opera Die lustigen Weiber von Windsor, repeated Sun. Tomorrow: Heinrich Hollreiser conducts Der fliegende Holländer, with Simon Estes and Sabine Hass. Fri: Les Huguenots (West Berlin 3410 249)

■ COPENHAGEN

Tivoli Koncertsalen 19.30 Sergiu Commissiona conducts the Tivoli Symphony Orchestra in Prokofiev's Classical Symphony, Dvorak's Slavonic Dances Op 46 and Mendelssohn's Violin Concerto, with Joshua Bell. Tomorrow: Leif Segerstam conducts Danish Radio Symphony Orchestra in Sibelius' Fifth Symphony (3315 1012)

■ FRANKFURT

Alte Oper 20.00 Orpheus Chamber Orchestra plays Mozart in the Grosser Saal. A programme of chamber music by Bussotti and Dallapiccola can be heard as an alternative in the Mozart Saal. Tomorrow: Diego Masson conducts the Orchestra Giovanile Italiana. Fri: Marcello Viotti conducts first modern performance of Alberto Franchetti's grand opera Cristoforo Colombo (1340 400)

■ HAMBURG

Musikhalle 20.00 Gerd Albrecht conducts the Hamburg State Philharmonic Orchestra in Mozart's Piano Concerto No 9 with soloist David Zsoldos, Sarasate's Zigeunerweisen for violin and orchestra with soloist David Garrett, and Dvorak's Cello Concerto with Gustav Rivinius. Tomorrow and Sat: Mehta conducts the Israel Philharmonic. Fri: Varese and Brahms programme with the North German Radio Orchestra (448826)
Deutsches Schauspielhaus 20.00 Broadway production of the musical 42nd Street, daily except Mon till Sep 8. Matinee and evening performances on Sat and Sun (248713)
Ernst-Deutsch-Theater 20.00 Brecht's The Threepenny Opera, new production by Friedrich Schutter. Daily (2270 1420)
St Pauli Theater 19.30 Hamburg State Opera production of Offenbach's The Grand Duchess of Gerolstein (also Sat and Sep 1, 3, 4), directed by Wulf Konold and conducted by Heinz Werner Faust (314344)
Sommertheater auf Kampnagel 20.30 Tonight's events at Hamburg's annual festival of experimental theatre include a dance work by Gerhard Bohner, one of Germany's leading avant-garde choreographers and dancers. Repeated tomorrow and Fri. The festival ends on Sat (351721)

■ LONDON

MUSIC
Queen Elizabeth Hall 19.45 William Christie directs the Orchestra of the Age of Enlightenment in a programme on the theme of Mozart in Mannheim and Paris. Fri: Arleen Auger recital. Sat and Sun: Roger Norrington hosts a weekend of events based on Mozart's last year. Tomorrow in Festival Hall: Gardiner conducts Entführung (071-928 8800)
Royal Albert Hall 19.30 Richard Hickox conducts BBC Welsh Symphony Orchestra and London Symphony Chorus in Poulenc's Gloria, Frank Bridge's Phantasm and Walton's Belshazzar's Feast, with soloists Lilian Watson, Kathryn Stott and John Tomlinson. Tomorrow: Ashkenazy conducts RPO in music by Tippett, Glazunov and Walton (071-823 9998)
THEATRE
Royal Shakespeare Company
In the Barbican main theatre, Ian Judge's colourful, camp production of The Comedy of Errors can be seen tonight, tomorrow, Fri and Sat. The Pit is showing Sam Mendes' production of Troilus and Cressida, with a cast led by Ralph Fiennes and Amanda Root. Next week the RSC starts previewing Ron Daniels' production of Richard II, a transfer from Stratford with Alex Jennings as the young king (071-638 8891).
New Shakespeare Company
At the Open Air Theatre, Regents Park, tonight's performance is A Midsummer Night's Dream, starring Roy Hudd as Bottom in a production which plays the comedy to the hilt. Tomorrow and Fri: The Boys from Syracuse, Rodgers and Hart's witty 1938 variation on the theme of The Comedy of Errors, in a production directed by Judi Dench (071-486 2431).
For information about other shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ MUNICH

Deutsches Theater 20.00 Die Fledermaus, production by Budapest Operetta Theatre. Daily (593427)
Teamtheater 20.30 The True Life of Jacob Hehherda, play with music by Brecht, directed by Ralf-Gunter Krolkiewicz. Daily except Sun and Mon (260 4333)
Theater links der Isar 20.30 Titus Andronicus, Friedrich Dürrenmatt's adaptation of Shakespeare (448 3657 after 16.00)

■ NEW YORK

OFF BROADWAY THEATRE
● Pageant is a musical spoof of beauty contests, funny, rowdy and highly recommended. Conceived, directed and choreographed by Robert Longbottom (Blue Angel, 323 West Forty-fourth Street, 262-3333).
● Tony 'N' Tina's Wedding: a wedding at St John's Church, 81 Christopher Street, then a reception at 147 Waverly Olace, with Italian buffet, champagne and wedding cake. Rick Pasqualone and Sharon Angela are the happy couple (279-4200).
● Red Scare On Sunset is a play by Charles Busch focussing on the 1950s Hollywood actress Mary Dale (played to the hilt by Charles Busch) who finds out to her horror that she is married to a communist (Lucille Lortel Theater, 121 Christopher Street, 924-8782).
● Penn and Teller Rot in Hell: the comic duo return after an international tour, with additions to the items featured in their Broadway success, including model Carol Perkins (John Houseman Theater, 450 West Forty-second Street, 564-8038).
● And The World Goes 'Round is a musical entertainment celebrating the 26 years of compositions by Kander and Ebb, authors of Cabaret and New York, New York (Westside Theater, 407 West Forty-third Street, 307-4100). Ticketron answers inquiries and sells tickets (246 0102)

■ PARIS

Eglise Saint-Severin 20.30 Il Seminario Musicale presents an evening of French sacred music. Tomorrow at Forum des Halles: Ensemble Flexus in a programme of pastiches and transcriptions (4804 3801)
Théâtre de la Main d'or 21.00 Chekhov's play On the High Road (1884) directed by Jorg Stickan. Runs till Sep 8, except Mon (4805 6789)
A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4720 8898

■ STUTTGART

Liederhalle 20.00 Stuttgart Music Festival: tonight's concert is by the German Wind Soloists, with a programme of music by Mozart and Schubert. At 22.30 each night this week, various soloists take part in a cycle of Schubert Lieder. Tomorrow's concert at 20.00 is given by the Orpheus Chamber Orchestra. Fri: Frieder Bernius conducts sacred music by Mozart and Schubert. The festival runs till Sep 8 (296585)

■ VIENNA

Palais Esterhazy 19.30 Salomon Quartet of London, with the violist Simon Whistler, play music by Haydn and Mozart (4000 84000)
Palais Palffy 20.00 Eudora Price sings a selection of Bernstein, Cole Porter, Gershwin and Duke Ellington (512 5681)
Schönbrunn 20.00 Vienna Beethoven Trio plays music by Beethoven and Mozart (4000 8400)
Schloss Schönbrunn 21.00 Double-bill of operas composed for Vienna in 1786: Mozart's Der Schauspieldirektor and Salieri's Prima la musica e poi le parole (4000 8400)
Theater beim Auersperg 20.15 Two plays by Ionesco: The Lesson and The New Tenant (430707)

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0800-0830 Moneyline
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Wednesday August 28 1991

A fresh style for Singapore

IN AN established democracy it is unusual for one party to be assured of a parliamentary majority even before the election campaign has started. But then Singapore is an unusual country and under the 31-year guidance of Mr Lee Kuan Yew, who nominally stepped down as prime minister last autumn, nothing much, including elections, was ever left to chance.

Now his successor, Mr Goh Chok Tong, has called an election two years ahead of time and is seeking a popular mandate. He cannot do much better than Mr Lee in terms of parliamentary seats. At the last election the People's Action Party, of which Mr Lee remains the secretary general, won all but one of the 81 seats. When nominations closed last week for Saturday's elections, its majority was assured with only 40 of the 81 seats to be contested.

Perhaps Mr Goh can go literally one better than Mr Lee and remove the lone elected opposition member from Parliament, although it would do nothing for the quality of debate in the chamber where Mr Chiam See Tong does at least ask the occasional awkward question. Rather, it seems that Mr Goh will be judged within his own party on his ability to stem the erosion in the PAP's share of the vote which has fallen by 15 per cent to less than 62 per cent in the course of the last two general elections. Mr Lee has said that foreign investors would lose confidence in Singapore unless Mr Goh arrested the decline.

Relentless intrusion

Materially, Singaporeans have little to grouse about. They enjoy, after Japan, the second highest per capita income in Asia and annual real growth has hovered close to 10 per cent for the past four years. This year it is likely to be close to 7 per cent. Confidence in the government's economic management has, however, been heavily offset by its relentless intrusion into almost every aspect of its citizens' lives.

Units for "psychological defence" and "social development" bombard Singaporeans with campaigns designed to ensure that female university graduates married men of similar intellectual ability, or cause plain clothes squads to patrol public toilets to apprehend individuals who failed to flush after use.

At the political level, opponents of the government have been relentlessly harried and it takes courage for a professional person to stand openly against the PAP. The law still provides for indefinite detention without trial for those considered to have conspired against the state. Newspapers in Singapore remain heavily influenced by the government and foreign publications have had their circulations slashed for allegedly interfering in domestic politics.

Encourage risk-takers

For Mr Lee, growing up politically under the threat of communism sweeping south-east Asia, such tactics and weaponry were considered indispensable. But events in Moscow last week have underlined how strongly the tide has turned against communism. Mr Goh appears to appreciate something of this. He is of a younger generation, and has promised a more gracious Singapore society, one that is less authoritarian and intrusive.

If Singapore is to develop a more entrepreneurial society to meet the challenge of the next century it has to encourage risk-takers and business people with a vision wider than that provided by civil servants. The assertion of the government that it has identified all the best talent available in Singapore and that the present cabinet represents the cream needs to be challenged.

Mr Lee's provocative claim that foreigners will lose confidence in Singapore if Mr Goh drops a couple of points in the share of the popular vote, even if it keeps all its parliamentary seats, shows how deep-seated the former premier's political pessimism has become.

If anything foreign investor confidence in Singapore might grow if the island became less rigorously controlled from the centre. It is a country with much to be a proud of and a population with a large stake in its continued stability. The hope is that Mr Goh will continue to develop his own more liberal style and interpret his party's victory in his own way, not that of Mr Lee.

Technology goes private

ONE OF the most protracted of all privatisations is likely to come to fruition in the autumn when the National Research Development Corporation, founded by the post-war Labour government to commercialise publicly-funded research in UK universities, emerges as the British Technology Group plc. It has been operating under the BTG label for 10 years – and behaving like a commercial company for five – but its legal status has not changed for 40 years.

The government started planning its privatisation four years ago, but the complexities of the organisation – and the fact that net proceeds will be less than £100m – meant that BTG had low priority. If BTG management had not persistently lobbied to keep the pace up, the sell-off would have slipped beyond the next general election.

Although senior BTG managers are privatisation enthusiasts, on the grounds that the group's status as a public body is inhibiting its international growth, many academics are strongly opposed. They argue that what is good for BTG as a business may not be good for them, its traditional customers. If the group concentrates on global expansion, will it still care about helping British universities exploit their research?

BTG managers insist, however, that successful expansion overseas must be based on a strong home market. They will continue to nurture their sources of technology in the UK. The more overseas contacts they have, the better for their British clients.

Great praise

The privatisation debate has stirred up a chorus of praise in support of BTG, in striking contrast to the general academic view 10 years ago that NRDC was slow, bureaucratic and unsuccessful. Most notoriously, it failed to patent the 1975 discovery of monoclonal antibodies by UK Medical Research Council scientists; this would have brought in many millions of pounds royalty income from the international biotechnology industry. That failure helped convince the government in 1985 to remove BTG's first right of refusal to take up publicly-funded research. Universities are now free to exploit their research as they see fit.

There is no doubt that the service provided by BTG to UK universities and research councils has improved immeasurably since it lost its monopoly rights and started to act as a competitive business. At the same time, the universities have become much better at exploiting their own inventions, using other technology brokers such as specialised industrial research organisations. Technology transfer is one activity in which Britain can reasonably claim to lead its European competitors. BTG needs UK inventors more than they need the BTG.

Persuasive case

For anyone who does not have strong ideological objections to privatisation, BTG makes a persuasive case for being allowed to shake off the constraints of the public sector. The vital issue is how to safeguard BTG's independence as the world's leading technology transfer organisation and to prevent it falling into the hands of an asset-stripper which would exploit its most valuable patents and let the remainder of the business wither away. BTG's credibility as a source of impartial advice for inventors could be destroyed if it became part of an industrial group.

Although ministers have given oral assurances that they will not permit a "trade sale" of BTG and will limit individual shareholdings, these safeguards have not been written into the privatisation bill which is due to receive a third reading in House of Lords in October. The government must make sure that they are included in the company's articles of association.

A consortium of about 10 groups is being formed to bid for BTG. It is likely to include not only financial institutions but also research foundations and the universities. Of course the government will be hoping for competitive bids. But this is one privatisation in which the Treasury should not be intent on maximising the immediate return. In the long run, what matters most is the appropriate structure for this important independent agency.

After five years as FT correspondent in Bonn, **David Marsh** assesses the profound challenges facing a unified Germany

Illusion makes way for reality

The most cryptic seven words I heard during my five years in Germany have taken on fresh significance in the light of last week's tumultuous events in Moscow. They were uttered in 1988 – two years before reunification – by Mr Hans-Georg Wieck, the then chief of the German intelligence service, the Bundesnachrichtendienst (BND), sitting in a white mansion on the outskirts of Munich once occupied by Hitler's secretary, Martin Bormann.

Mr Wieck succinctly enunciated why west Germany held a pivotal role in European affairs: "We are strong because we are weak." He sometimes has a provocative manner, and did not get on with Chancellor Helmut Kohl (which is one of the reasons he no longer sits in the BND's White House). What he meant was that West Germany's exposed position on Nato's front line, together with diminished sovereignty stemming from post-war division, gave it a paradoxically large hold over its foreign partners.

The notion that the country might one day seek reunification through a go-it-alone eastwards-looking path made its neighbours highly receptive to the German point of view. Put brutally, Germany's strongest card in dealing with its western partners was to exploit the worry that it might be tempted to diminish its ties with them.

Elliptical references like this offer essential insights into Germany's bumpy ride through history – a history which did not end with division but started a new, challenging and hopeful chapter with the breaching of the Berlin Wall on November 9 1989. Serving a people placed in the middle of Europe, conditioned by history and geography to look both east and west, the German language can stretched ambiguously in several directions. As the epigram on the juxtaposition of strength and weakness showed, Germany is the classic land of *Doppelwahrheit* – the double-truth.

The heart-stopping drama of last week's fall and return of Mr Mikhail Gorbachev exposed anew some elements of Germany's fragility, despite its currently robust economy and the political triumph of unification. Germany is the most sensitively balanced member of the western alliance. If there is political and economic stability beyond its borders (as has been the case for most of the post-war era), Germany will achieve above-average prosperity. If things go badly – as appeared likely on Monday last week, when the Frankfurt stock market fell about 10 per cent – well-off Germany will experience disproportionate pain.

The fall and return of Mr Gorbachev exposed Germany's fragility, despite its robust economy and the political triumph of unification

The Germans' passion for the *Doppelwahrheit* reflects not any fundamental tendency towards deviousness, but rather a love of complexity. In a country where soul-searching is an art form, they take intellectual pride in knowing that, in everything from the ozone layer to Yugoslavia, there can be no easy answers.

The Germanic capacity for seeing questions from both sides at once comes to the fore over European Monetary Union. In numerous speeches, politicians and officials explain categorically why they are both for it and against it at the same time.

Because of the country's large number of immediate neighbours, and the memories in most of them of German aggression two generations ago, there is evident merit in making statements which aim to please everyone. A large part of the popularity of Mr Hans-Dietrich Genscher reflects the foreign minister's skill in constructing elaborate verbal structures propounding Germany's willingness to work constructively with all members of an ever more integrated Europe. The most withering complaint Mr Genscher will ever make publicly about a foreign politician is basically untranslatable: that he (or she) is "Europaunwillig" (unwilling towards Europe). For politicians like the foreign minister, the need to reassure its neighbours that Germany is as Europawillig as never before has attained still greater significance since the country became a nation again.

Certainly, the earlier fears that Germany could or would accomplish its national goal by renouncing its links with the west have been exploded. United Germany remains a member of the EC, which is being palpably extended eastwards, as well as of Nato. Is this a complete defeat for the pessimists and for the know-all foreign press pundits?

Only up to a point. German unity was a great victory for the Federal Republic, and for Mr Kohl personally. Yet it also brought a crisis for which the western part of the nation was ill-prepared. Mr Kohl's greatest problem was, and still is, not to have succeeded in convincing himself and his country of this latter point. The earlier, supposedly all-encompassing dilemma about whether the Germans would swap unity for Nato has been resolved with surprising smoothness. It has been replaced, however, by other questions – about the economic and social costs left by 40 years of partition, and about the united country's place in Europe and the world. A happy ending to the unity saga is still not completely certain.

The country which has suddenly become the pivotal nation of a reforged but still highly fractious Europe plainly cannot match up overnight to the new responsibilities and hopes invested in it. Germany's agonising over the Gulf war – where the government was forced as the conflict deepened to abandon its initial hesitancy over backing the use of force against Iraq – marked an uncomfortable early test.

Another challenge awaits in the east. Now that the reformists are, happily, back in the driving seat in the Soviet Union, but presiding over a country still in the throes of economic chaos, financial demands from Moscow are likely to increase. Given Germany's extra sensitivity to the threat of instability in the Soviet Union, these demands will be all the harder to resist.

The greatest task is to bridge the gap between two still highly disparate halves of reforged Germany. The 61m people in west Germany are reluctant to shoulder additional burdens caused by 16m east Germans' desire to accede to western living standards. The stakes have risen in the past few months with the realisation that the east Germans' entry ticket to the new world of market economics has been bought at the price of massive unemployment. Disconcertingly, just a few months after Mr Kohl's government recognised the necessity to control the budget deficit through raising taxes, complaints in both east and west about sharing out the burdens have been growing.

Faced with these problems the chancellor's performance has been disappointing. Mr Kohl's ability to seize the initiative in steering through unification last year had given him the stature of a statesman. Since then, he has simply marked time. One aide, asked why Mr Kohl has not made more of an effort to rally a national spirit of solidarity for the tasks of reunification, answers that the chancellor does not possess the rhetorical skills to carry this out.

Even if Mr Kohl's oratorical talents were greater, he would still face a struggle to rally his compatriots. West Germany's readiness to pump large sums of public funds into the east of the country has been inspired by a desire to invest in the future – as well as by some less good reasons. The main factor behind the introduction of the D-Mark into east Germany last year, and the DM140bn of public transfers to the east this year, is west German anxiety that, unless great quantities of money are paid out, millions of discontented easterners would migrate to the prosperous west. West Germans fear their comfortable lives would be disrupted should too many poorer eastern cousins join them west of the Elbe.

Up to the beginning of the summer, funding for the extra public spending was successfully raised through the credit markets rather than extra taxes, fuelling a boom in west Germany and, with this, the belief that the process could be self-financing. The phase of illusions is now over.

Germany's capacity to finance large programmes of investment and consumption in the east is partly a function of public trust – at home and abroad – in the anti-inflationary monetary policies which have guided 40 years of post-war rebuilding in the west. Once this confidence starts to be eroded – which could easily happen, given that overall public sector debt is forecast roughly to double during the four or five years from 1989 – the costs of regaining it could prove to be very high.

The Bundesbank's decision to raise interest rates on August 15, just three days before the temporary toppling of Mr Gorbachev, may have marked a watershed. Recently, a senior member of the German economic establishment voiced his private view that, since its warnings over the past 12 months on bringing down public spending had virtually failed, the Bundesbank would now have no choice but to engineer a recession to bring down inflation. The outcome of this, he added, would be that, at the next general election in 1994, Mr Kohl's government would be defeated.

As he stares this possibility in the face, the prime difficulty both for the chancellor and for his country is that the Germans have had little time to pause and adjust to unexpected circumstances. Nearly everyone underestimated the bitterness and frustration among ordinary east Germans which made reunification their sole option once President Gorbachev made it clear that Soviet soldier would not intervene to prop up the old East Berlin regime.

Mr Kohl was as taken aback as anyone else. Partly because of this, his initial reaction to the fall of the Wall in November 1989 – including his somewhat over-rated 10-point plan for German unity at the end of that month, which was quickly overtaken by events – was of commendable sobriety and caution. Mr Kohl is not the greatest post-war chancellor, but in his love of generalisation, his anxiety to please, his occasional befuddlement and his competing streaks of humour and ill-temper, he is almost certainly the most representative of ordinary German people.

In a sense, it seems churlish to focus on the negative aspects of national unity. In terms of the ubiquity of private wealth and the munificence of public infrastructure, west Germany has long overtaken the UK. It showed off its merits as a stable and democratic state by exporting wholesale its system and values to the east. For the first time, the Germans and their institutions (for instance, the Bundesbank) are seen as examples by many other countries.

On the other hand, the Germans now face an economic challenge unparalleled since the war. And they have not forgotten a lesson of their own history: that economic instability can feed through quickly into damage to the political system.

No less a person than Mr Willy Brandt, the former West German Chancellor, spelled out another *Doppelwahrheit* during the campaign for the east German general elections in March last year. Not an economically strong Germany, but an economically weak one, he said, was likely to be a danger for its neighbours.

The remark was meant primarily to illustrate the baselessness of the worries of people like Mrs Margaret Thatcher about an economically dominant reunited Germany. But it also exposed the anxiety at the back of Mr Brandt's mind that, if the reunification process goes awry, then the whole continent will suffer. The Germans can breathe again after the failure of the Soviet coup. But, while the battle to make a success of unification runs its course, Germany – and the rest of Europe – should prepare for a difficult two or three years.

OBSERVER

Speedy Hernandez

■ Privatisation Mexican-style seems more and more like a giant lottery with the added bonus of hefty consolation prizes.

The Lebanese-Mexican businessman Carlos Slim Helu pays $1.76bn and wins the nation's telephone company. So runner-up Roberto Hernandez, one of the world's fastest moving stockbrokers, bets an astonishing $2.3bn and gets control of Banamex, Mexico's largest bank.

Hernandez, who made his fortune by riding on the back of the recent Mexican stock market boom, is very much new money. Along with his 800 investors, he has beaten the old money (principally the offspring of wealthy Mexican industrialists) to carry off the jewel in Mexico's financial system: the 106-year-old Banco Nacional de Mexico.

His rivals had all the right connections - Fernando Senderos, for example, was an old-horse-riding chum of President Salinas. However, it was not enough to clinch the deal.

As a result Hernandez is now the proud owner, not just of a banking business, but of offices in Mexico City which are the country's finest colonial buildings, and its finest art collection to boot.

Hernandez, a well-known art connoisseur, denies this is why he bought the bank. "Why" he says "would you pay three times book value for an art collection?" Nevertheless, his arrival on the scene may cause a few nervous twitches amongst some of the world's more conservative bank regulators.

Resurfaced

■ Who said Britain's merchant shipbuilding industry was sunk? Harland and Wolff's $365m order for six new bulk carriers is a tribute to 49-year-old John Parker who persevered long after most of his colleagues had quit the industry.

Belfast-born Parker made his mark by building the fabulously successful SD14s over at Austin and Pickersgill on Wearside, before it disappeared into British Shipbuilders. Since 1983 he has been trying to turn around Harland's which, believe it or not, is still one of the six biggest shipyards in the world. The Government sold it for a song a couple of years ago to Norway's secretive Fred Olsen group.

Helped by a doubling in ship prices over the past four years, plus some aggressive cost-cutting, Parker has now realised his dream of being able to win business back from his arch-enemies – the Korean and Japanese shipbuilders.

Of course, winning the order is one thing, making a profit is quite another; and young Michael Hendry's Cenargo is not quite as blue-chip a name as John Swire's China Navigation. Even so, Parker is confident that the economies of scale from producing a series of identical ships will prevent this from being yet another Belfast loss-leader.

Since government bail-outs have passed into history, he'd better be right.

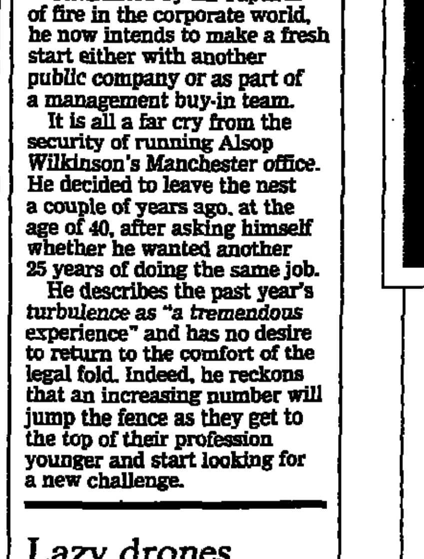
Capitalist guru

■ When it comes to hiring chief economists the International Monetary Fund and the World Bank are like chalk and cheese.

Earlier this year, the Bank hired Larry Summers, a liberal Harvard economist, and now the IMF has replaced its Jacob Frenkel with a hardline monetarist – 47-year-old Michael Mussa.

Eastern European countries hoping that the IMF might adopt a somewhat softer line in policy advice are likely to be disappointed. Like Frenkel, Mussa learned his trade in Chicago. Regarded as a solid academic economist with good administrative skills, he worked under Beryl Sprinkel on President Ronald Reagan's Council of Economic Advisors for a couple of years in the late 1980's.

While Mussa's views may not please everybody, at least he can put them over with a sense of humour. On Friday he is to give a convocation address at the University of Chicago's Rockefeller Chapel. And given the events of the last week or so, he chortles, "there's no more appropriate place on earth to celebrate the victory of capitalism."



Double bind

■ Solicitors tempted to become actors rather than advisers in the world of corporate finance, might care to ponder the experience of Alan Greenough. A former managing partner at Alsop Wilkinson, he has just lost two company directorships in the space of four weeks.

First Doctus, the marketing and management consultancy where he recently became chief executive, went bust. Then he resigned from Microvitec, the computer concern, after missing out on much of the fun of a hostile takeover of Logitek.

Undaunted by his baptism of fire in the corporate world, he now intends to make a fresh start either with another public company or as part of a management buy-in team.

It is all a far cry from the security of running Alsop Wilkinson's Manchester office. He decided to leave the nest a couple of years ago, at the age of 40, after asking himself whether he wanted another 25 years of doing the same job.

He describes the past year's turbulence as "a tremendous experience" and has no desire to return to the comfort of the legal fold. Indeed, he reckons that an increasing number will jump the fence as they get to the top of their profession younger and start looking for a new challenge.

Lazy drones

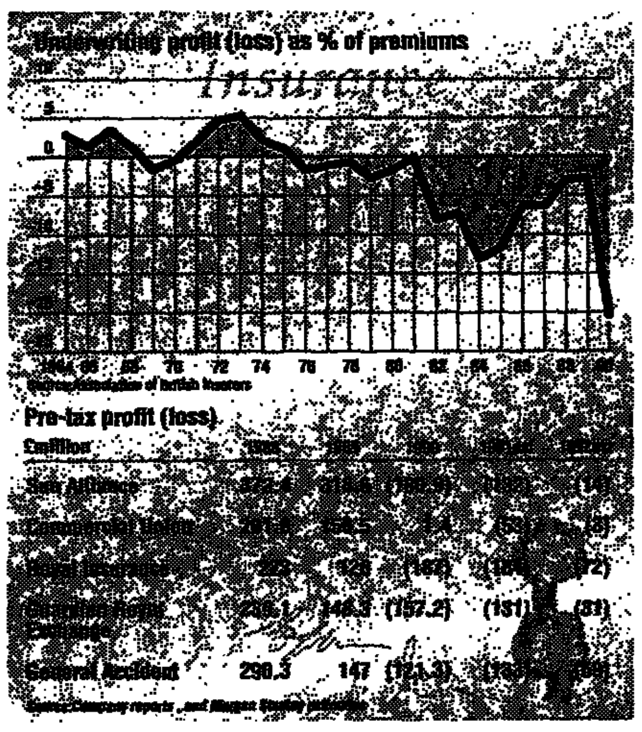
■ The phrase "hives of industry" no longer applies in Australia, where bees are now refusing to pollinate the cucumbers, melons and pumpkins that have hitherto earned the country nearly £300m a year.

At first, the problem was thought to be that the bees were being repelled by pesticides. But research at the University of Queensland has shown that they are flightily passing over the money-earning crops in favour of flowers with a higher nectar content, such as those on carbine trees.

"People think that if a flower is there, a bee should pollinate it," explained Queensland University's researcher Alan Wearing. "But bees are a bit like people going to a restaurant – how far they travel will depend on their previous experience of how good the food is."

Profit at a premium

Richard Lapper on problems for British insurance companies



"You can write off 1991," says Mr Tony Brend, chief executive of Commercial Union (CU), the UK composite insurance company. When even the head of what is widely seen as the best managed of the composites – so-called because they combine general and life insurance activities – issues such a gloomy prognosis, something is clearly wrong with the industry as a whole.

Last year CU was the only one in the black, as the sector's four other big composites – Sun Alliance, General Accident, Royal Insurance and Guardian Royal Exchange – made their first losses in modern times. This year none of them will be immune; earlier this month, Royal, General Accident and Eagle Star, the insurance subsidiary of BAT Industries, all reported that they had been losing money at a rate approaching £1m a day during the first half of 1991. GRE and Sun Alliance are certain set to tell a similar story when they announce their half-year results.

Companies are striving to restore profitability through premium rate increases and cost-cutting. But some analysts believe these measures will fail to avert a third successive year of losses in 1992.

To some extent the industry is currently the victim of one of its traditional pricing cycles. But there is also a more deep-seated change at work. For the insurers are *having* to come to terms with something they have not been used to: intense competition.

Three principal negative factors affecting UK composites can be traced:

- *First, the insurance industry*, once thought to be recession-proof, has been badly hit by the economic downturn. The recession has sparked a crime wave – with arson and thefts of commercial property and motor vehicles on the rise. Last week's announcement by Eagle Star that it had lost £121m on mortgage guarantee policies shows that the industry is also vulnerable to mortgage defaults. Mortgage guarantee policies indemnify lenders against any losses they might incur on the sale of a repossessed property.
- Second, the storms and drought of recent years are leading some insurers to fear that the country's weather patterns are changing irrevocably *for the worse. At the least* the composites may have to contend with disaster losses much more frequently than in the past. Insurers had believed that storms on the scale of those of October 1987 and January 1990 were likely to occur once in 300 years.
- *Third*, and *perhaps* most important, price competition has intensified. This is in part because in recent years the tariff system by which the big composites set minimum prices for all classes of insurance has broken down. *For most of this* century, UK insurance companies have operated an informal cartel in their domestic market, under which minimum insurance rates were set on the basis of an industry-wide analysis of claims. *This meant that*, in the words of Mr Roy Randall of Royal Insurance, cycles were altogether gentler – "like ripples on the Serpentine, regular and self-correcting."

However, from the 1960s on, more and more companies operated outside these arrangements, *and as a result began to* gain competitive advantage. By the mid-1980s, the system was in full retreat.

The breakdown of the club has been accelerated by the advent in the UK market of *international* competitors. As the post-1992 single European *market has approached*, several big European insurers have sought to establish themselves in the UK commercial risks market. And, backed by parent companies with greater financial strength than their *UK rivals, they have* been prepared to cut prices to win business. The British companies, worried by the prospect of losing market share, have in turn been forced to cut premium rates.

"The *discipline among* the composites themselves has weakened – there is much off-the-record criticism among these companies of each other's attempts to chase business," says Mr Chris Pountain, analyst with Morgan Stanley, the US investment house.

In home and motor insurance too, new players have entered the field. A new breed of insurer – the direct writer – has emerged, marketing via TV advertising and dealing with customers over the telephone, *as opposed to through* the independent intermediaries that have dominated insurance retailing in the UK.

Direct writers tend to have lower distribution costs – and *are able to pass on these* savings to the consumer in the form of lower prices. Two direct writers in particular – Direct Line, a subsidiary of the Royal Bank of Scotland, and Churchill, owned by the Swiss company, Winterthur – have made considerable headway in the motor insurance market, establishing market shares of 4 per cent and 2 per cent respectively in less than five years.

Both companies have also begun an assault on the market for house insurance, where the composites have even higher distribution costs – commissions paid to building societies which sell most buildings policies amount to 30 per cent or more compared to the 10-20 per cent commission payments paid to brokers selling most other products.

Since these more competitive market conditions are likely to continue into the 1990s, there are those who believe that the companies will be unable to rely on premium rate increases alone to recover profitability. "The continuing competitive environment in the UK is not going to allow the substantial rate increases necessary to achieve profitability," says Mr Pountain *of Morgan Stanley.*

Costs will need to be cut and company structures refashioned to allow companies to become more flexible. This poses tough problems for insurance managers, many of whom have spent most of their careers in a somewhat undemanding environment.

Traditionally the internal organisation of the UK's insurers *has been bureaucratic with* career structures resembling those of the civil service. Seniority rather than merit has often been the main qualification for promotion and the industry has been reluctant to *appoint outsiders to top jobs* – although the recent appointments of Mr Richard Gamble (from BA) and Mr James Morley (from Avis) to financial director posts at Royal and GRE respectively indicate that *attitudes are changing.*

Yet the pressure is building. Mr Pountain says another year of losses on the scale experienced in 1990 and 1991 would raise the spectre of dividend cuts and even asset sales as the balance sheets of the financially weakest companies – *Royal, GRE and General Accident* – came under pressure. That in turn could revive speculation about the acquisition of UK companies by foreign predators. "The market is disillusioned with composites and I *expect the disillusionment to* grow," he says.

Soviet revolution: the view from the golf course

For all his studied detachment, Bush knows that the collapse of communism is an extraordinary opportunity, writes **Lionel Barber**

For the first time in more than 70 years, the US faces the prospect of dealing with a non-communist Soviet Union, assuming the union survives. *It is a stunning* prospect; but history will record that when the statues of Lenin and other heroes of the Russian revolution toppled in Talinn, Vilnius and Moscow, President George Bush was tearing round the golf course in Kennebunkport, Maine.

The air of detachment is, of course, misleading. Mr Bush remains in close touch with *world leaders, Mr Boris Yeltsin* included. In spite of the studied nonchalance, it is clear that Mr Bush understands that the collapse of communism in the Soviet Union *signals a decisive* shift in power in favour of the US – and the west.

This shift became clear when President Mikhail Gorbachev abandoned the Soviet empire in eastern Europe in 1989 and *acquiesced in German unification* within the Nato alliance in 1990; any lingering doubts evaporated during the Gulf war and the July Bush-Gorbachev summit in Moscow. *Mr* Bush went to the Soviet capital *and told Mr Gorbachev to for*get about direct US financial aid until the Soviet Union slashed defence spending and stopped military aid to Cuba.

Mr Bush must now calculate how best to take advantage of *the extraordinary opportunity* which now presents itself, an opportunity just as significant as the one which the west missed in 1917 when it failed to assist Alexander Kerensky against the Bolsheviks. With *communism's apparent demise,* the US has a second chance to assist in the political and economic transformation of its long-time adversary.

So far, Mr Bush has proceeded with typical caution. He *has refused to follow the lead* of several European countries and extend full diplomatic recognition to the Baltic states – though he remains adamant that Latvia, Lithuania and Estonia will soon be free. He has ruled out an early US commitment to a co-ordinated *western aid package, making* clear that direct financial assistance depends on a concrete economic reform plan from the new Soviet leadership.

It would be wrong to interpret Mr Bush's inaction as passivity. The president remains, in his words, "in a listening mode". This week, he met Mr Brian Mulroney, the Canadian prime minister; today, he welcomes Mr John Major, the British prime minister and current chairman of the Group of Seven industrialised nations, to Kennebunkport.

Mr Bush's aim is to build a US-led coalition on two main *issues: aid to the Soviet Union* and the need to deal with the disintegration of central authority in a former totalitarian country, where power is *devolving rapidly to the republics.*

Instability is the new enemy. When Mr Bush alluded to the risk of anarchy this week, he was referring to more than the threat of bloody ethnic conflict, *though this is real enough. The* president was also speaking as the leader of the world's *nuclear superpower*, with a direct interest in the fate of thousands of strategic and tactical nuclear missiles in the Soviet Union.

President Bush is likely to remain cautious about making moves that could be seen as provocative until questions concerning control over the Soviet Union's strategic and tactical nuclear missiles are settled

A US report that President Gorbachev briefly lost control *of the nuclear codes during* last week's abortive putsch made the White House even more determined to establish that there is central control over Soviet nuclear weapons, particularly hard-to-detect *mobile missiles. Equally press*ing are the demands of the recently signed Strategic Arms Reduction Treaty (Start) which would cut the US and Soviet long-range nuclear missiles by more than 30 per cent.

Although most of the strategic missiles are based inside Russia, *Mr Bush is likely to* remain cautious about making moves which *could* be construed as provocative until the nuclear questions are settled. "Sometimes there is a virtue in doing nothing," commented *one US official.*

So far, no-one in the administration will admit to a fundamental shift in US policy towards the Soviet Union; but the faint cranking of gears can already be heard in Washington. All the president's men have begun to learn to love the word "Yeltsin", usually pronouncing it in the same breath as "Gorbachev". Mr Bush *continues to speak in fond tones* about the Soviet president, so much so that he dismissed Mr Gorbachev's post-coup pledge to support the Communist party *last Friday as irrelevant.* But in the background, his top aides have already relegated Mr Gorbachev to "titular head" of the Soviet Union.

The pre-eminence of Russia seems assured. Mr Tom Pickering, US ambassador to the United Nations, acknowledged this week that Russia might take over the Soviet Union's seat at the UN. Mr Dick Cheney, US defence secretary, went further. Having received a personal assurance from Mr Boris Yeltsin that Russia planned deep cuts in military *spending*, Mr Cheney said that he would favour the Russian president as leader of the Soviet Union in preference to Mr Gorbachev. Mr Yeltsin, he said pointedly, was "committed to democracy and demilitarisation".

The question of economic aid remains a good deal less clear-cut. The early public opposition of Messrs Bush and Baker to direct financial aid to the Soviet Union may have exaggerated the impression of splits inside the Group of Seven; the Americans may soften their position in the *coming* weeks.

One obvious move would to give an unequivocal commitment to aid, contingent on a credible reform programme; this would be a more powerful incentive to the reform camp than the present negative statements, in tune with the G-7 meeting last July, that there will no money until economic reforms are in place.

*But serious practical prob*lems remain. As Mr Bush says, a splintering Soviet Union makes it doubly difficult to know where to channel aid. Furthermore, unlike the Europeans, President Bush is under *no great domestic pressure to* mount a huge bail-out of the Soviet Union.

The US is only slowly pulling out of economic recession; too swift a cash commitment could prove politically damaging, *stoking* Democrat charges that Mr Bush's engagement in foreign affairs comes at the expense of domestic policy. The presidential election in 1992 will not be fought *and* won on the issue of aid to Moscow.

Lastly, the US remains philosophically opposed to offering large sums of government money. True, a $300bn budget deficit imposes its own restraints. But the Americans are *far more interested* in pushing technical assistance, the kind of know-how which will teach accountancy, commercial law and the rules of private property which will hopefully create an environ*ment conducive to foreign* investment. Most-Favoured Nation tariff status is on the table; new Export-Import Bank credits as well as Overseas Private Investment Corp (Opic) insurance for business deals *will surely follow.*

US policy will need to a good *deal more active in the coming* months as it adjusts to its shrunken adversary. For the time being, however, Mr Bush remains secure in his own role, conscious of what he calls the "disproportionate" responsibilities which he faces as leader of the sole superpower. He will bide his time – and the rest of the world can wait.

LETTERS

A better class of football

From Mr Philip Murphy.

Sir, Your leader, "Spot the Euroball" (August 23), provides definitive proof that newspapers specialising in financial affairs should steer clear of commenting on issues of real import, such as soccer.

One of your premises is that the quality of the English first division is "decidedly second class". This is clearly untrue given English clubs' repeated successes in European competition prior to the UEFA ban in the mid-1980s. On the return of English clubs to Europe, Manchester United carried off the European Cup Winners' Cup.

That victory followed hard on the heels of the finest English international performance since 1966. The 1990 World Cup team was based solidly on players turning out in Division One. The success of that team provoked the exodus of Paul Gascoigne and David Platt *to Italy – a trip that, far* from providing any proof of English soccer's decline, follows a long tradition of Italian poaching of the best British talent.

The critical question about the *putative* Premier League surrounds its intended purpose. Suspicion arises not from traditionalists afraid of soccer radicalism but from a fear that top clubs *are seeking to* cement in place their supremacy at the expense of the Hereford Uniteds and Hartlepools.

Philip Murphy,
3 Petworth Street,
Battersea,
London SW11

Strauss 'inspired' choice as a US ambassador

From Mr Harry L Freeman.

Sir, I was surprised at some of the critical and negative comments in your coverage of Robert Strauss's swearing in as the new US ambassador to the Soviet Union, and his dispatch *by President Bush to Moscow* on a fact-finding trip.

As an old-timer in Washington, I don't know anyone who doesn't think Bush's appointment of Strauss to be anything other than a positively inspired *appointment. While it is proba*bly true that Strauss is not a Soviet expert, he has singular abilities in sizing up situations and is just the kind of person one would want in a rapidly changing environment, such as *in the Soviet Union.*

Strauss, who has close personal ties to both the president and secretary of state, as distinguished from most career ambassadors who do not, can serve in a major role in not only US-USSR affairs but also *collateral issues with other* countries. Strauss is no stranger to foreign affairs. He was special trade representative and also President Carter's ambassador to the Middle East. If he can handle the Middle *East and trade well, he is qual*ified for the USSR slot.

His close ties to the Democrats, as their former chairman, is also important as the US tries to maintain a bipartisan foreign policy in key foreign issues.

As a Democrat, and an occasional critical of President Bush's domestic policies, I was delighted to see him reach out to an outstanding Democrat and put precisely the kind of *person in Moscow that* we need in these rapidly changing times. Hence, my surprise at any show of negativism.

Harry L Freeman,
The Freeman Company,
1101 Pennsylvania Avenue NW,
Washington DC, US

How bad is a bad debt?

From Mr Graham Bruton.

Sir, In "The silver lining to Midland's cloud" (August 15), it was said that analysts believe UK clearing banks' poor results could mask encouraging trends. May I venture another thought.

The banks have made a terrible *noise about* the bad debt provisions they have had to make against small business lending and yet I can find no one out here in the real world who believes this to be necessary. A typical view is that *they are providing heavily,* notwithstanding that, in the vast majority of cases, in a reasonable market they are fully secured.

Your unrepentant cynic might well go on to say that, as soon as the economy picks up they will go in heavy, realise *their security, and take* the bad debt write-back into profits.

If true, then they are following the age-old practice of making a bad year even worse. In a year or so's time they will all be able to point with pride at *the extraordinary turnaround* in their fortunes but, more importantly, small businesses beware – the banks' recovery could be your collapse.

Graham Bruton,
1 Duke Street,
Manchester Square,
London W1

Risk/reward on house insurance

From Mr Peter Judson.

Sir, Lex (Eagle flies too high, August 23) fails to make the point that for years it seemed almost a fraud that building societies insisted on indemnifying themselves at a cost of *hundreds of pounds to the* mortgagor, when there never seemed to be any risk. Inflation and home improvement are factors that have always been *on the insurers' side.*

How does the current £165m provision for claims compare with accumulated profits from this source over the last 50 years? Taking a longer term view, is the pricing "hopelessly inadequate"? Please do not *encourage a hike in premium* rates.

Peter Judson,
14 Castley Lane,
Castley, near Otley,
West Yorkshire

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Directors' pay rises more likely to be on par with public sector

From Mr Peter M Brown.

Sir, Directors battered by press *reports of significant* pay increases for their colleagues earlier in the year will probably ruefully agree with our forecast that there will be a collapse in many bonuses, resulting in static director remuneration levels, as companies report their results for the last two quarters.

*"Directors' Rewards", pub*lished by our associate, The Reward Group, and the Institute of Directors each November, shows (see table) an esca*lation in salaries for public* sector staff and total cash remuneration for full-time directors over the decade.

This demonstrates fairly con*clusively that most directors in* companies of all sizes, rather than one or two high-paid stars in well-known groups, have not enjoyed increases much above *higher Civil Service*, judicial and service grades.

There has been some additional benefit via option schemes and improved pension *and benefit packages not* shown in these figures and the increase for non-executive directors (NEDs) is a reflection of the demand for better quali*fied candidates who spend* more time on such appointments than was usual in 1980.

MPs have also received significant increases in research and secretarial *allowances that* sometimes add to family income.

We would be surprised if in a year the private/public percentages are not even closer.

Peter M Brown,
Top Pay Research Group,
9 Savoy Street,
London WC2R 0BA

Posn & pay £000	1980	1984	1986	1988	1990	Increase(%)
Chairman	19.0	34.0	40.0	49.5	54.0	154
Director	16.8	20.7	27.0	35.0	40.0	138
MP	11.8	16.1	17.7	22.5	26.7	126
Cabinet minister	23.5	40.9	45.0	51.1	55.2	135
Hd Civil Service	33.5	51.2	75.0	81.0	94.9	183
Admiral	31.0	45.5	60.0	65.0	76.3	146
Under-secretary	20.5	29.5	35.3	39.0	45.7	123
High court judge	32.0	51.2	60.0	65.0	76.3	138
NED	3.0	5.0	5.0	8.0	10.0	233

FINANCIAL TIMES
Wednesday August 28 1991

EC debates sending arbitration team as Germany presses for recognition of republics

Army meets Croat leaders to avoid war

By Laura Silber in Belgrade, **David Gardner and Andrew Hill** in Brussels and **Judy Dempsey** in London

YUGOSLAVIA'S federal army held an unprecedented meeting last night with the breakaway republic of Croatia, fuelling speculation that the army would go on the offensive if the Croatian government orders a general mobilisation today against Serb nationalists.

The meeting coincided with talks between European Community foreign ministers in Brussels, who were under increasing pressure from Mr Hans-Dietrich Genscher, Germany's foreign minister, to recognise the independence declaration of of Slovenia and Croatia announced on June 25.

Earlier in the day, the EC agreed to recognise the independence of the Soviet Union's three Baltic republics, while Austria stepped up its determination to win western support for recognising the two Yugoslav republics.

The government in Vienna yesterday warned that west European governments could be dragged into the conflict unless a peaceful solution to the crisis was reached soon. Mr Gianni de Michelis, Italy's foreign minister, last night also warned: "We are threatened by civil war."

At the meeting in Brussels, France and Germany followed earlier suggestions by Austria and the UK in proposinga five-member arbitration committee, to be chosen by the feuding parties in the conflict and the EC, and a two-month ceasefire.

The committee would be chosen from European constitutional experts.

However, Mr Douglas Hurd, the UK foreign secretary, warned that "we must not deceive ourselves, or them, that we in the west are able to solve the problems of Yugoslavia. If there is not a will for peace in Yugoslavia, there will not be peace."

Ministers were last night still divided, however, over what next steps to take.

Meanwhile, Croat leaders were locked in talks with General Veljko Kadijevic, the Yugoslav defence minister, and General Blagoje Adzic, the chief of staff.

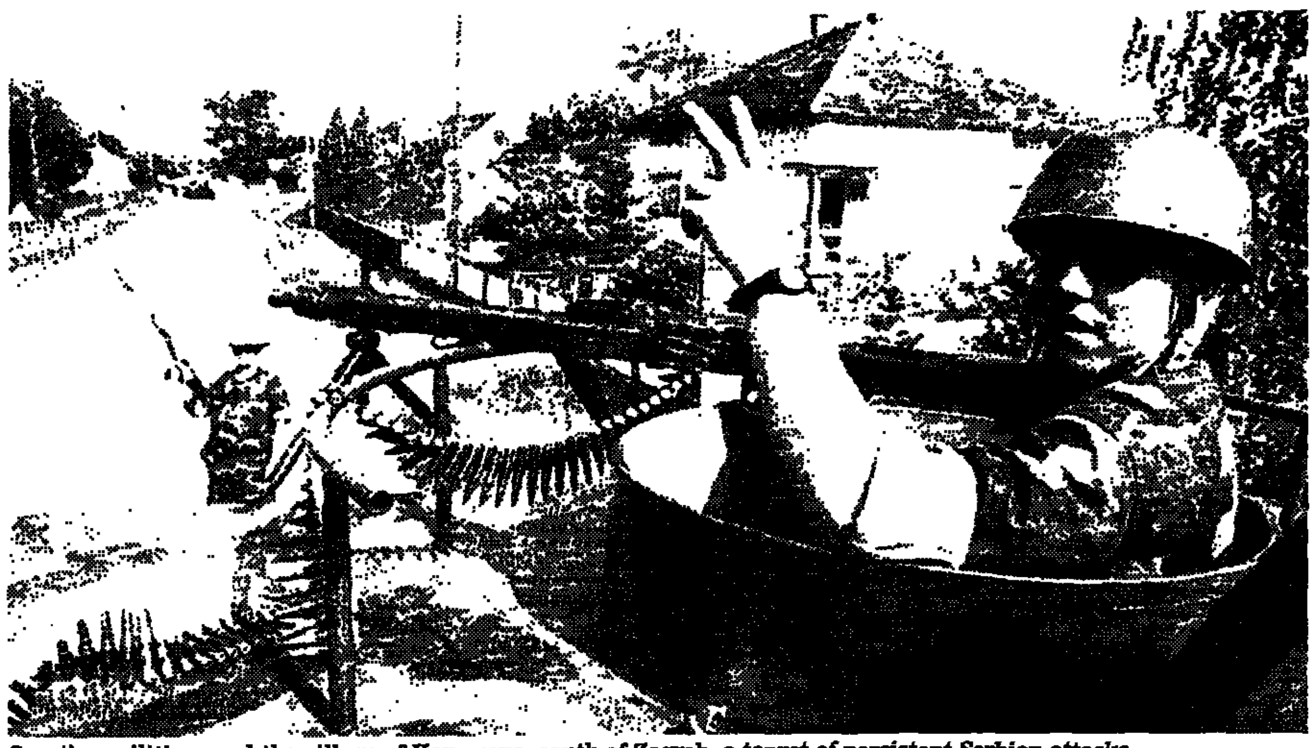
Mr Mario Nobilo, an adviser to Mr Franjo Tudjman, the president of Croatia, said the meeting, which took place on the Adriatic island of Brioni, had been called at the initiative of the army.

Mr Tudjman had issued an ultimatum to the army last week, saying that if federal units did not withdraw to the barracks by August 31, it would regard the federal army as an occupying force. It is unclear if the army last night agreed to withdraw any of its troops.

Mr Mato Granic, the vice-president of Croatia, said the Croatian government would undertake "urgent measures including general mobilisation" and would put "war restrictions on reporting by journalists". But he did not say when and how, since Croatia is short of arms.

The government of Croatia has repeatedly accused the army of supporting Serb nationalists in their drive towards carving a Greater Serbia out of Croatia.

Balkan time bomb, Page 4



Croatian militia guard the village of Komarevo, south of Zagreb, a target of persistent Serbian attacks

Belfast shipyard wins £223m order

By Our Belfast Correspondent

HARLAND AND WOLFF,the Belfast shipbuilder, has won contracts worth £223m ($375m) for six new ships, in what is believed to be the largest merchant shipping order ever placed in a UK shipyard.

Harland won the order against competition from Korean and Japanese yards. The bulk carriers will be built to Harland's own design and the work will safeguard employment at the yard until 1995.

Three of the vessels will be built for a UK shipowner, Cenargo International, and the others for Hong Kong-based China Navigation, a subsidiary of the British company John Swire and Sons. The two companies co-operated in placing the order, which has been under negotiation for six months.

The new ships are specifically designed to combat the problems of break-up associated with bulk carriers. They will be used to transport coal and ore around the Cape of Good Hope – leading to the name Capesize for the class.

The contract is considered especially significant because the orders, the first since the shipyard was privatised two years ago, are not associated with Fred Olsen, the Norwegian shipping company that owns 47 per cent of Harland.

Each of the ships will be identical, weighing 162,000 deadweight tonnes. They will be faster than conventional bulk carriers and built with less high-tensile steel, allowing greater strength.

Announcing details of the order yesterday, Mr John Parker, chairman and chief executive of Harland, said: "This is good news not only for the shipyard but for the whole of Northern Ireland."

The contract will underpin the jobs of the 2,500-strong workforce at Harland until 1995 and provide a much-needed boost for the Ulster economy, which has an unemployment rate twice the UK average, at more 14 per cent.

Smaller manufacturing companies in Ulster's marine supply industry also stand to benefit as the work is phased in.

The Capesize contract swells Harland's total order book to about $870m. Preliminary design work on the new vessels has already started, with completion scheduled for early 1995.

The ship was designed by Harland in response to a growing replacement market and the large number of casualties which have occurred among existing bulk carriers. Since the start of 1990, there have been about 40 bulk carrier casualties involving the loss of more than 250 lives.

Harland, which once seemed destined for closure, has been transformed since privatisation. According to the latest figures from Lloyd's Register of Shipping, its order books account for some 75 per cent of merchant shipbuilding in the UK, not counting yesterday's order.

The yard has also initiated a policy of diversification. It has bought its own oil tanker, the Knock Ardy, is engaged in discussions with Kawasaki of Japan on setting up a marine engine manufacturing plant in Belfast and is developing an industrial park on surplus land at its east Belfast base.

Worldwide, the total tonnage of shipbuilding orders last year of 24.1m gross tonnes was the highest since 1974, according to Lloyd's Register. The number of vessels completed last year rose by 79 to 1,672, the third successive annual increase.

The revival reflects the ageing world merchant fleet rather than shortage of capacity, shipbuilders say. After a period of depressed freight rates which discouraged owners from adding to fleets, some ships have become so old that the cost of replacing them is justified by the increased efficiency of new vessels.

Observer, Page 8

Japanese growth equals boom of 1960s

By Stefan Wagstyl in Tokyo

THE Japanese economy has this month completed 57 months of uninterrupted expansion, equalling the postwar record set in the high-growth era of the 1960s.

Officials at the government's Economic Planning Agency (EPA) reported yesterday to the cabinet of Mr Toshiki Kaifu, the prime minister, that the economy had been growing throughout August and showed no signs of falling into recession in the immediate future.

The EPA refrained from declaring officially that the postwar record had been equalled, saying only that a formal announcement would be made in October when the statistics for the month were complete.

But private commentators are convinced that a historic milestone had been passed. "Expansion equals Izanagi boom," said the Nihon Keizai Shimbun, the business daily, in a front page headline. The 1960s expansion was called the Izanagi boom after a Shinto god. The previous period of sustained growth in the late 1950s was also named after a god – Iwato – but no name has yet been chosen for the current expansion.

The EPA's report highlights the continuing strength of the Japanese economy, which has grown at an annual average rate of 5.5 per cent since the present expansion started in December 1986. This is slower than 11.5 per cent a year during the Iwato boom and 12.1 per cent annually in the Izanagi era, but it is still the fastest for any leading industrialised country. In Japan a "recession" is defined by a period in which growth falls below 3 per cent a year.

The elements of growth have changed over the years – the Iwato boom was led by heavy industry, including steel and shipbuilding.

Japanese consumers acquired televisions, refrigerators and washing machines – dubbed "the three sacred treasures," the words used to describe the emperor's insignia. The Izanagi boom saw exports soar and investment funds pour into chemicals.

Mr Michio Ochi, the EPA director general, said yesterday one reason that the present period of growth had lasted was that the switch from export-led expansion to growth fuelled by domestic demand had insulated Japan somewhat from external shocks.

Nigerian federal structure overhauled

By William Keeling in London

NIGERIA'S federal structure was overhauled yesterday with the announcement by President Ibrahim Babangida of the creation of nine new states.

The timing of the decision, which increases the number of states in the federation to 30, has caught observers by surprise. It comes less than two weeks before Nigeria's two political parties select candidates for state governorship elections due in December.

In a speech broadcast to the nation, General Babangida dismissed speculation that creating the new states could delay the transition from military rule to civilian government.

Elections for the federal legislature and presidency are planned by October next year to allow for a complete handover of power.

This is not the first time that General Babangida, who seized power in August 1985, has set about creating states. In 1987 he created Akwa Ibom and Katsina states but hinted then that there were no plans to create further states.

In his speech last night, he said the nine additional states would help relieve political and social tensions, and allow for more even development. State creation was used to relieve ethnic tension following the Biafran War in the 1960's.

The government has been under pressure to increase the number of states provided for the Ibo ethnic group and two of the new states have been carved out of the predominantly Ibo states of Anambra and Imo in eastern Nigeria.

Although there are no simple ethnic geographical boundaries, two states have been provided for the mainly Yoruba area of western Nigeria, while four states have been given to the Hausa/Fulani in the north. The ninth new state has been extracted from the former states of Kwara and Benue.

General Babangida said the move was in line with the government's policy of decentralisation. He also announced that government bureaucracy would be reduced with a proposed cut in the number of federal ministries.

No details were given of which ministries are to be cut but it has given rise to speculation that a federal cabinet reshuffle is imminent.

The creation of new states is almost certain, however, to increase pressure on federal government expenditure as they will expect central funding for the development of new infrastructure.

The federal government budget, however, is already believed to be under pressure, despite oil-earnings being in line with budget forecasts.

The International Monetary Fund (IMF) is known to be is concerned at levels of expenditure – as well as money supply and exchange rate control – and Nigeria's progress under the current IMF agreement is under review.

Pöhl warning on inflation

Continued from Page 1

necessary in the west of the country. "This is the economic price of unification. But hardly anyone is prepared to pay this price voluntarily, as the last wage round, the development of public sector budgets and the discussion on subsidy cuts have shown".

Referring to a comment in an earlier speech by a Bundesbank director that Germany's inflation record entitled it to the equivalent of an Olympic medal, Mr Pohl quipped: "We cannot now claim the gold medal in this field."

US waits as EC recognises Baltic states

Continued from Page 1

nationalities with no recent history of statehood. It also smooths the feathers of Spain, the EC member state most ruffled about the impact recognition might have on its own minority nationalities.

Mr Douglas Hurd, the British foreign secretary, said that "everyone was operating on the basis that the three Baltic states are different from the other republics of the Soviet Union, because of their history, and because of their position in international law."

The 12 foreign ministers are expected to hold a special meeting next week, to which their Baltic counterparts will be invited. This meeting is expected to:

- Give the European Commission the mandate it is seeking to offer trade concessions to Hungary, Poland and Czechoslovakia, sufficient to wrap up the "association agreements" it is now negotiating with them.
- Extend this "association" formula – accords requiring democracy, phasing in a market economy and free trade, and leading to EC membership – to Romania and Bulgaria
- At the behest of the Dutch presidency of the EC, offer the same transitional mechanisms to the Baltic states.

The Baltic states are unlikely, however, to be put on the faster track occupied by the reformist vanguard of Hungary, Poland and Czechoslovakia, which should have their agreements in place by October, Mr Roland Dumas, the French foreign minister, said.

A rush of countries, including Germany, Britain and Sweden, yesterday said they would recognise the independence of the Baltic states – while Denmark sent the first foreign ambassador to any Baltic state, when Mr Otto Borch presented his credentials to the government of Latvia.

THE LEX COLUMN

Home truths for car makers

With a bit of luck, demand in the UK car market may recover just in time to offset slackening overseas sales as the German economy slows. That, at least, is the conventional wisdom. The latest clutch of industry statistics confirms yet again that higher output – up 6.2 in the first half – was possible only because of an 85 per cent volume gain in exports. Now the industry is taking heart because new car registrations fell only 13 per cent in the first 20 days of August, but it would be an illusion to see too much light at the end of the tunnel.

Part of the export success reflects Nissan's rising Sunderland production. Part is also a measure of Rover's new-found ability to raise market share in Europe generally. Germany is thus not the only factor. In any case, demand there looks set to stay buoyant for longer than many expected only a few months ago. That is probably just as well since it will be some time yet before the UK market is in a position to pick up much slack. The downturn may appear to flatten out over the next few months, but that will be mostly because the statistical comparison will henceforth be with sales that were decimated by the Gulf crisis.

The car market is likely to stay intensely competitive well into next year, especially if Nissan resolves its UK distribution problems. The threat of action by the Monopolies and Mergers Commission should also keep a lid on prices. So, even when it does occur, rising home market volume may not, for once, relax the squeeze on manufacturers' margins. That must be a depressing thought for component suppliers such as GKN and Lucas.

British Gas

The Office of Fair Trading's draft report on competition in the gas industry may be proving a bit leaky, but the stock market is unconcerned. Indifference to talk of radical recommendations by the OFT yesterday suggests British Gas is seen as immune from the regulatory risk which has been so virulent among the other privatised utilities. That view is complacent, but until it has harder evidence the market may not see fit to revise it.

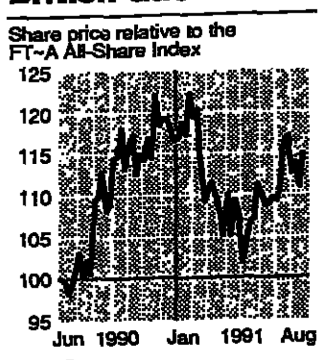
The recent outperformance of Gas shares has mostly been due to the attractions of a forthcoming rush of dividend payments caused by a changing year-end. The expected downward revision of future prices to gas-fired power stations shows that Ofgas has some muscle. Barring further intervention against it, the episode has already allowed Gas to fend off some potential competition.

As for the OFT report, it is just possible to conceive of a division of Gas into two companies, one a national pipeline minder, the other a more exciting group including the expanding exploration interests. Wondering whether such a drastic move would unlock hidden value for shareholders is perhaps a touch academic, though. The present government is unlikely to sanction a wholesale restructuring of the gas industry it privatised, particularly where the regulator is unpersuaded of the benefits to consumers. The worry must be that even a watered down OFT report produces an unexpected jolt, if only in the form of continued debate over the industry's structure.

FT-SE Index: 2,619.8 (-20.9)

British Gas

Share price relative to the FT-A All-Share Index



Source: Datastream

Matsushita

There is less cause for concern at Matsushita Electric Industrial than a 24 per cent first quarter profits plunge might imply. It is not just that the year on year profit decline would have been restricted to one per cent if the financial costs of last November's MCA acquisition are stripped out. The company makes clear that the Y26bn of interest charges and write-offs will not be repeated and is sticking to a full year forecast made in May. Meanwhile, Japanese accounting rules make the higher than expected foreign currency losses look more alarming than they really are.

On the slim evidence provided yesterday it would appear that Japan's largest electronics group is coping with a harsh market place at least as well as its competitors. Given that the shares are trading at below book value and on a cash flow multiple of only six that certainly reinforces the arguments of those who say they are cheap. The unanswered question at this stage, though, is whether Matsushita can follow Sony's lead and manage the transformation from pure consumer and industrial electronics company into a diversified global information business. Investors remain suspicious that the management is too concerned about size, and insufficiently focused on profitability.

Wates

A mere mention of office space in the Square Mile is enough to scatter the crowds these days, which is bad luck for a company with a name like Wates City of London Properties. Yesterday's half year results, which show profits before exceptional items 9 per cent down, are unlikely to alter the mood. There is no fresh news on lettings and the prospect of another 500,000 square feet of accommodation (of which Wates' share is half) coming on to the market in 1992/1993. On the other hand, offloading two projects on the Japanese now looks to have been a reasonably well-timed move and has left the balance sheet looking secure for the moment. Though gearing will obviously rise from the current 30 per cent, the shares at 109p are trading at a particularly steep discount to estimated net assets of around 200p.

James Capel

It would have been something of an embarrassment for James Capel had it failed to make a first half profit. Turnover in the UK market was strong enough to allow a burst of profitability across an otherwise strapped securities industry. More encouraging, if true, is its claim that market share has risen to a level where profits could jump sharply again in the second half. The recent loss of its top ranking in the Extel survey of analysts may yet turn out to be beneficial for Capel. It gives management the incentive to tackle the long-running and internally divisive issue of the appropriate role of research in a transaction-driven business. Capel has already reduced costs and is taking steps to reinforce its reputation among the institutions for quality. Like London's other securities houses, it can scarcely rely on rising turnover to pull it along.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	29	84	Berlin	F	22	72	Caracas	C	29	84	Faro	F	25	77	Islamabad	F	36	97
Algiers	S	39	102	Biarritz	S	27	81	Casablanca	S	26	79	Florence	S	31	88	Istanbul	F	26	79
Amsterdam	S	21	70	Bombay	F	29	84	Chicago	S	22	72	Frankfurt	S	23	73	Jakarta	F	32	90
Athens	S	30	86	Bordeaux	S	32	90	Cologne	F	23	73	Geneva	S	26	79	Jersey	S	24	75
Bahrain	S	35	95	Boulogne	F	24	75	Copenhagen	F	19	66	Gibraltar	S	28	82	Johannesburg		-	-
Bangkok	C	33	91	Brussels	S	22	72	Corfu	S	29	84	Glasgow	F	14	57	Lima	C	18	64
Barcelona	S	29	84	Budapest	F	21	70	Dallas	S	22	72	Helsinki	S	22	72	Lisbon	C	22	72
Beirut	S	28	82	Buenos Aires	C	15	59	Dublin	C	18	64	Hong Kong	S	31	88	London	S	24	75
Belfast	R	15	59	Cairo	S	33	91	Dubrovnik	S	28	82	Innsbruck	S	23	73	Los Angeles	C	18	64
Belgrade	F	19	66	Cape Town	C	14	57	Edinburgh	R	15	59	Inverness	F	18	64	Luxembourg	S	23	73

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	25	77	Milan	S	29	84	Nicosia	S	29	84	Salzburg	F	20	68	Tenerife	S	23	73
Madrid	S	31	88	Montreal	C	24	75	Oporto	S	24	75	San Francisco	C	15	59	Tokyo	S	27	81
Majorca	S	31	88	Moscow	R	16	61	Oslo	F	19	66	Seoul	S	29	84	Toronto	S	19	66
Malaga	S	29	84	Munich	S	22	72	Paris	S	26	79	Singapore	F	29	84	Tunis	S	35	95
Malta	S	31	88	Nairobi	F	23	73	Peking	S	29	84	Stockholm	S	20	68	Valencia	S	34	93
Manchester	F	19	66	Naples	F	29	84	Prague	F	18	64	Strasbourg	S	25	77	Venice	S	29	84
Manila	C	31	88	Nassau	F	32	90	Reykjavik	F	11	52	Sydney	S	20	68	Vienna	S	19	66
Melbourne	C	12	54	New Delhi	R	25	77	Rhodes	S	28	82	Taipei	F	30	86	Warsaw	F	19	66
Mexico City	R	24	75	New York	S	23	73	Rio de Janeiro	C	32	90	Tangier	F	25	77	Washington	C	23	73
Miami	S	27	81	Nice	S	28	82	Rome	S	29	84	Tel Aviv	S	30	86	Zurich	S	24	75

Temperatures at midday yesterday C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday August 28 1991

INSIDE

Matsushita Electric revenues down 23%

Matsushita Electric Industrial saw pre-tax profits down 23.8 per cent to Y95.7bn ($700m) in the three months to the end of June. **Page 17**

Burmah in US deal

Burmah Castrol, the UK lubricants, fuels and chemicals group, will pay $30m for Dryden Oil Company, the largest independent commercial lubricants company in the US. **Page 12**

Tide runs against polluters

Last year, the UK government went a step further than EC regulations when it announced all sewage must be treated before it is released into the sea. Water and sewage companies must now review their plans. **Page 17**

Crisis claims another victim

Yggdrasil, the Swedish investment company owned by Mr Eric Penser, the Swedish businessman, has become the most prominent victim of the crisis in the country's finance company sector. **Page 12**

Haeco rises 7.8% in first half

Profits at Hong Kong Aircraft Engineering Company, the largest aircraft maintainence specialist in Asia, rose 7.8 per cent. **Page 13**

Low take-up for hairdresser

Only 15.3 per cent of the £5.3m ($8.9m) rights issue by Alan Paul, the UK USM-quoted hairdressing group was taken up by shareholders. Debt, proximity to a previous big issue and the small-company image problem were cited as reasons. **Page 16**

Pentland strikes it rich

Pentland, the UK consumer products group, now a cash-rich company in a recession-struck stock market, has signed deals culminating in last week's DM134.5m ($72m) acquisition of a 20 per cent stake in Adidas. **Page 15**

Aiming at LDC loans and bonds

First Boston and Metallgesellschaft have dissolved their debt trading joint venture to concentrate on Less Developed Country loans and bonds for their own account. **Page 14**

Wates City of London falls 9%

Wates City of London, the only UK property company to hold all its assets in the City of London, yesterday announced a 9 per cent decline in taxable profits. Mr John Nettleton, finance director, said the recession was deeper and longer than forecast. **Page 16**

Britain sings the blues

Linseed cultivation has increased in the UK with nearly 105,000 hectares sown this year, an increase of 183 per cent on 1990. **Page 18**

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Fag Kugel	261	+	5
Hamburg Elecktr	192	+	22
Hapag Lloyd	435	+	10
Mannheim Vers	870	+	72
Falls			
Aachen Mch	860	−	13
Wella Prf	661	−	9

NEW YORK ($)

Rises			
Black & Decker	18 5/8	+	1 3/8
Tele De Mexico	36 3/8	+	1 1/8
Falls			
BP ADR	70 5/8	−	1/4
Cineplex Odeon	3 3/4	−	1/2
Salomon Bros	25 5/8	−	3/8
Triton Energy	41	−	4 3/8

New York prices at 12.30.

PARIS (FFr)

Rises			
Cetelem	774	+	19
Ecco	359	+	4
Falls			
Axa	975	−	10
Fonc Lyonnaise	700	−	28
Lyonn Eaux	549	−	12
UAP	536	−	10

TOKYO (Yen)

Rises			
Izukyu	6000	+	600
Sankyo Seiko	1600	+	110
Falls			
Fuji Kisen	501	−	48
SNT	1090	−	110
Shin-Kobe Elec	725	−	75
Showa Sangyo	520	−	55

LONDON (Pence)

Rises			
ASB Barratt	12	+	5
Barr W.A.T. A	164	+	7
Bass	978	+	13
CMB Packg	1550	+	75
Douglas (RM)	518	+	57
Eurotunnel	482	+	22
Fairhaven	25 1/4	+	4 1/2
Gardner (DC)	63	+	8
Headlam	55	+	6
Herring Son D.	155	+	11
Lon Forfeit'g	130	+	7
LOPS	94	+	8
Multitone	88	+	6
NSM	17 1/2	+	1 1/2
Silvermines	75	+	5
Falls			
Allied-Lyons	576	−	13
Argyll	303	−	7
Davies (DY)	25	−	3
Glaxo	1340	−	22
WPP	95	−	7

Hong Kong bank group profits rise 21%

By Angus Foster in Hong Kong

HSBC HOLDINGS, the new London-based holding company for the Hongkong and Shanghai Banking Corporation, yesterday announced a 21.8 per cent rise in interim profits after tax and transfers to inner reserves.

The results were seen by analysts as evidence of a recovery in the bank's financial performance, following last year's poor figures.

HSBC said net profits in the six months to the end of June rose to HK$1.86bn (US$239m) compared with HK$1.53bn a year ago.

The bank is paying an interim dividend of 54 cents a share, a 3.8 per cent increase on last time.

Banks in Hong Kong do not have to reveal their inner, or secret, reserves so results announcements can be seen as statements of confidence rather than true performance. HSBC's figures, however, were in contrast to its announcement in March that full-year profits for 1990 fell 35 per cent to HK$3.1bn, the first such decline for nearly 20 years.

The bank said most of its Asian operations reported improved results, especially in Hong Kong.

Last week its Hang Seng Bank subsidiary announced a 22 per cent increase in interim profits to HK$794.1m.

These were the first results from the bank since its reorganisation in April which transferred ownership of all assets to the London-registered company HSBC Holdings. The reorganisation was to reassure shareholders and depositors that the value of the group would not be significantly impaired by the transfer of sovereignty over Hong Kong to China in 1997.

The holding company is gradually taking direct control of many of the group's foreign assets, including the US bank Marine Midland, the British stockbroker James Capel and the British Bank of the Middle East.

The reorganisation was an alternative to an earlier aborted plan to broaden the international operations of the group by merging with Midland Bank in the UK. HSBC still owns 14.9 per cent of Midland.

The New York-based Marine Midland reported first-half losses of US$109.3m, due mainly to the collapse of the property market in the northeast of the US, and is unlikely to revive without a sustained economic recovery.

James Capel results, Page 12

Price war on pricier vehicles

By Martin Dickson in New York

YOU have only to turn the pages of an American newspaper to appreciate the competition in the US luxury car market.

"The term 'affordability' just found three new vehicles of expression" runs the headline of a BMW advertisement. "Unlimited luxury. Limited time offer. Up to $2,500 direct from Cadillac when you purchase a new 1991 Brougham," says an ad from General Motors. "Saab lowers the cost of solar energy" trumpets a campaign from the Swedish motor company, above a photograph of a convertible.

Some of the biggest price reductions are in the mid-size luxury range, which has suffered a sharp downturn in sales this year and where European cars such as the BMW 525, Audi 100 and Volvo 740 face competition from new, attractively priced Japanese models.

This year, the Japanese Lexus and Infiniti models headed the annual league table of new car quality compiled by J.D. Power and Associates, a Californian consultancy. A recent J.D. Power survey of luxury car owners found that most of them put reliability, as found in the Lexus, ahead of a prestigious brand name, such as Jaguar, in their car-buying criteria.

This year's recession has been felt hardest by European carmakers, whose sales are strongest on the US east coast, where the economic downturn has been particularly hard. The mid-west, dominated by the US Big Three, and California, where the Japanese have made most inroads, have suffered relatively lightly from recession.

Some of the Europeans have also been particularly hard hit by the luxury tax, introduced in January, which imposes a 10 per cent tax on car prices above $30,000.Many of these cars are German: BMWs, Porsches and Mercedes.

Recovery from recession will not stop the price war. A flood of new models due next year from Japanese and European manufacturers – including the Mercedes 500 SEL, the Lexus SC400 and the Mitsubishi Diamante – will keep supply ahead of demand.

Kevin Done reports on Japanese success in the US luxury car market

Bold assault on the highway

IT WAS only days after Peugeot and Rover, the European carmakers, decided to pull out of the US car market that Mazda, Japan's fourth-largest car manufacturer, announced it was creating a separate luxury car franchise in the US.

Mazda was following in the tracks of Honda, Toyota and Nissan. The contrast between European retrenchment and Japanese expansion underlines the startling progress Japanese carmakers have made in the higher reaches of the US car market since Toyota and Nissan launched their luxury franchises, Lexus and Infiniti, in autumn 1989. Last month, for the first time, both Toyota's Lexus and Nissan's Infiniti outsold BMW and Mercedes-Benz in the US.

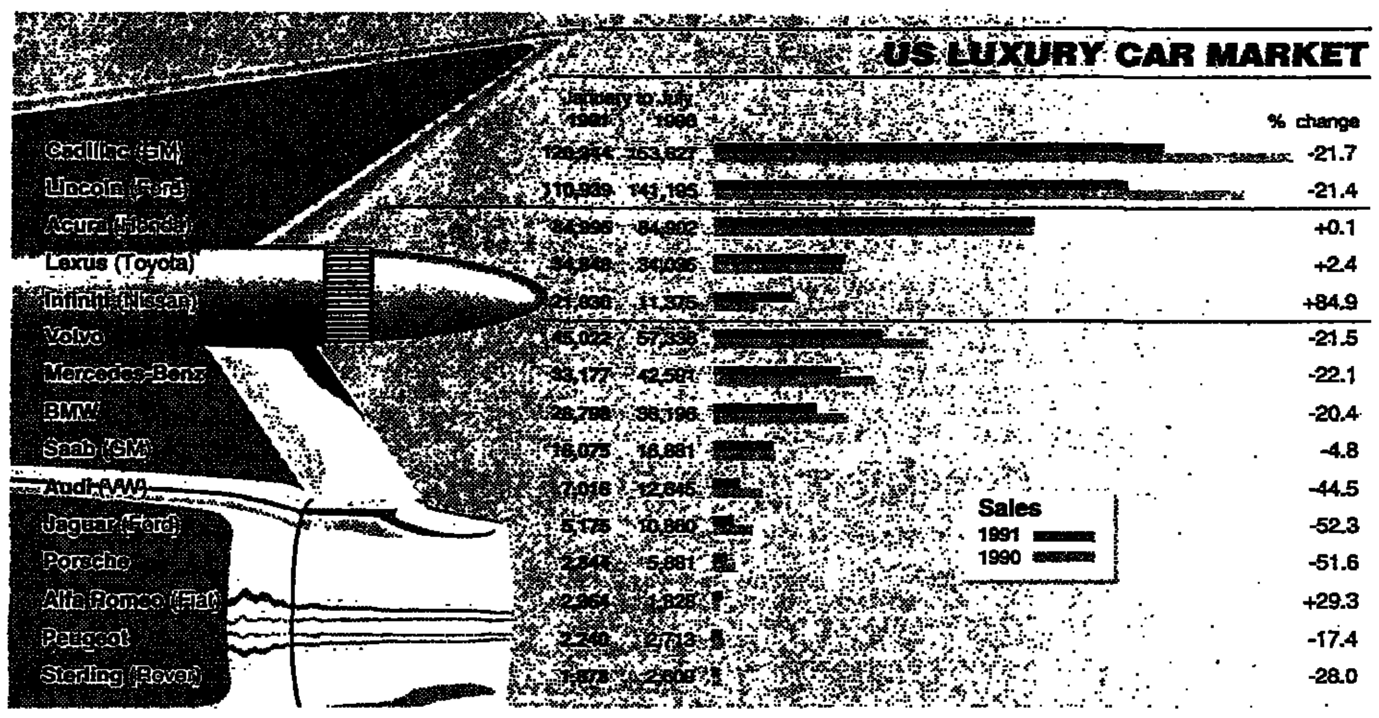
Lexus had outsold the prestigious German makes three times before on a monthly basis, but now Infiniti is making its presence felt.

BMW's overall sales in the US in the first seven months this year have tumbled 20.4 per cent to 28,800, while Mercedes-Benz sales have plunged 22.1 per cent to 33,177. In particular segments *the damage is far greater* – sales of BMW's top of the range 7-Series have fallen by 44.5 per cent in the first seven months to 2,751. Porsche sales have fallen by 51.6 per cent.

Worldwide, BMW and Mercedes-Benz are still performing strongly this year buoyed up by the extraordinary growth of the domestic German market. Some other European luxury carmakers, such as Jaguar, are staring at recession in the US and in the UK and do not have the compensation of a significant presence in Germany.

Jaguar, taken over by Ford for £1.6bn at the end of 1989, suffered a 52.3 per cent drop in sales in the first seven months of 1991. It aims to cut around 20 per cent of its labour force during the second half of the year. If it succeeds, Jaguar will have cut its workforce by 30 per cent in 12 months, to less than 8,500.

Thanks to recession and the impact of the Gulf war, total US car sales in the first seven months of the year were 13 per cent lower than in the corresponding period last year. Burdened by a new luxury car tax, sales by most of the European manufacturers and by Cadillac and Lincoln, the luxury car marques of General Motors and Ford, have slipped even more alarmingly.



European, US and Japanese rivals have been cutting prices to maintain sales volume. Ms Susan Jacobs, of the New Jersey forecasting group Jacobs Automotive, says luxury carmakers are cutting prices by 8 per cent to 15 per cent in cash sales, financed deals and leases.

But while their rivals are losing sales volume, the Japanese are winning additional market share. Although sales volumes of Lexus and Acura, the Toyota and Honda luxury car franchises, are little changed on a year ago (up 2.4 per cent for Lexus and 0.1 per cent for Acura), the two marques have gained sharply in market share.

Lexus and Acura have been helped by model additions that have broadened their ranges – such as the Lexus SC400 luxury coupé – but the star performer has been Infiniti, Nissan's luxury car franchise, where sales in the first seven months jumped 84.9 per cent to 21,030, helped by the the introduction of a new base model, the G20.

Mazda is planning to enter the US luxury car market with a separate sales channel, to be called Amati, in spring 1994. Amati's initial product line-up will be two luxury saloons and the Japanese carmaker aims to sell about 20,000 cars under the new marque in its first year.

Mazda has been studying an entry into the US luxury car market for two years with its Pegasus task-force and has concluded that the prospects are too mouth-watering to be ignored. It says the number of affluent households in the US with an income of at least $75,000 a year is increasing from 2m in 1988 to 2.5m in 1995.

While Mazda is enthusiastic about the challenge and the potential rewards offered by the US luxury car market, some of its weaker European rivals have decided that the strain of competing as marginal players in the world's most fiercely contested arena can no longer be supported.

Rover's decision to stop exporting its Rover 800 Sterling range to the US comes after continuing heavy losses and dwindling US sales. Ever since the company re-entered the US market under the Sterling brand-name in 1987, it was dogged by quality problems and was increasingly burdened by excessive stocks of old models. It sold 14,171 cars in the US in 1987, but sales fell to only 3,317 in 1990. In the first seven months this year, sales fell a further 28 per cent to 1,878 from 2,609 in the corresponding period of 1990.

Rover is maintaining its separate Range Rover of North America operation to market luxury four-wheel drive leisure vehicles. Mr George Simpson, Rover chief executive, said that "major future investment" was required to make Sterling "a truly successful brand" in the US.

Like Peugeot, Rover faces a mighty challenge from the Japanese in the UK and in continental Europe during the 1990s, and it can no longer afford prestigious, but marginal and very costly battles in the US.

At the same time, however, the withdrawals of Peugeot and Rover from the US mean they will no longer be exposed to the rigours and disciplines imposed by the US market.

According to Mr Carl Hahn, management board chairman of Volkswagen, the biggest European car maker: "The US market is important in particular because its sets the benchmark for competition in the world market, but also because it shapes social demands on the car, in exhaust emissions for example.

"We simply cannot afford to give up either the opportunities offered by the US market, or the learning processes and experience it imposes."

Lex, Page 12

Swiss judges act to unravel alleged fraud in Milan stocks

By Haig Simonian in Milan

SWISS judges have taken steps *towards unravelling a complex* L100bn ($76.3m) alleged share fraud which has paralysed trading on the Milan bourse and looks set to delay this month's regular settlement.

Mr Jean-Louis Crochet, the Geneva-based magistrate heading the investigation who is working with Mr Franco Lardelli, a judge in the Swiss canton of Ticino, said he would conduct preliminary hearings later this week.

The affair came to light following information provided by Duménil Leblé, the banking group controlled by Mr Carlo De Benedetti's French operation, Cerus.

Duménil Leblé has been told not to transfer any of the shares at the heart of the alleged fraud pending further investigations.

Duménil Leblé merged on July 1 with Assets Development Bank (ADB), a small Geneva-based bank formerly owned by a member of the Duménil family.

After buying ADB, Duménil Leblé, which has been renamed Banque Duménil Leblé (Suisse), discovered that ADB had been subject to a L100bn fraud involving Italian shares.

It dismissed two officials and informed the Swiss authorities and Consob, the Italian stock market watchdog.

Consob yesterday said it had found no formal irregularities. However, the agency was conducting further investigations, and implied that this month's settlement would be postponed.

According to Consob, Duménil Leblé disclosed on 20 August that it had orders for settlement with two Italian stockbrokers and two finance bouses for shares worth around L85bn. The bank's allegations also embrace a further L15bn of shares involving other parties. The bank said it had no account of the shares in question.

The shares had been lodged by Dominion Trust, a Turin-based company controlled by Mr Roberto Caprioglio, an Italian financier.

Dominion Trust, whose name surfaced earlier this year in conjunction with the collapse of a Sicilian bank under its control, has denied any wrongdoing in the affair.

Duménil Leblé's decision to freeze the transfers triggered a plunge in trading volumes on the Milan bourse as brokers scaled down their operations, fearing a possible chain reaction of non-settlement among colleagues who may be either directly or indirectly involved.

Court prepares to decide MGM fate

By Karen Zagor in Wilmington

A GROUP of French bankers, Italian investors and Hollywood executives gathered yesterday in a court room in Wilmington, Delaware, to determine the fate of MGM, the Hollywood studio.

Mr Giancarlo Parretti, the financier from Orvieto, Italy, who acquired MGM in 1990 for $1.26bn, is fighting with Crédit Lyonnais, one of his named lenders, for control of the studio.

The bank claims Mr Parretti gave up his position as head and director of MGM as part of the terms of a $145m loan made in April to keep the studio in business.

The bank, whose financial director Mr Francois Gille, testified yesterday afternoon, will seek to prove that Mr Parretti's erratic behaviour jeopardised the bank's investment in MGM.

Mr Parretti's lawyers will try to show that the bank, under political pressure at home, broke its promises to Mr Parretti and Pathe Communications.

Crédit Lyonnais, through its Netherlands subsidiary, CLBN, has been an important banker of Mr Parretti and his Geneva-based partner, Mr Florio Fiorini, for many years.

The bank helped the partners acquire Cannon Pictures in 1987 and Pathe Communications in 1988. Mr Parretti acquired MGM through Pathe Communications.

Testimony from the leading players – Mr Alan Ladd, acting chief executive of MGM, Mr Gille and Mr Parretti – may shed light on the day-to-day operations of MGM since the Parretti acquisition.

But a number of questions may remain unanswered; MGM's exact assets and liabilities and how the French bank agreed to provide money for an offer of $20 a share for MGM when the stock was trading at about $14.

James Capel announces 'substantial' half-year gain

By Richard Waters in London

JAMES CAPEL, the UK securities firm, swung back into profit in the first six months of this year, marking its most buoyant period since the stock market crash of 1987.

Capel, which does not reveal interim figures, described its pre-tax profits as "substantial". This is thought to be ahead of the meagre £4.6m ($7.72m) profit it reported for 1989 as a whole – the only year since 1986 when it has not returned a loss.

After a £30.3m loss last year and a period of instability in its top management, the return to better profits could dispel some of the uncertainty that has surrounded the firm.

Its parent, HSBC, moved earlier this year to take more direct control of the firm when it appointed Mr Bernard Asher to become Capel's executive chairman.

The broker's return to the black came as world stock markets reacted with relief to the outcome of the Gulf war.

Capel relies more heavily than its rivals on commissions from buying and selling equities. It avoids trading securities for its own book and it is not a leading corporate stockbroker. As a result, its profits follow the level of activity on stock markets.

In the first half of 1991, investor activity in UK shares – still Capel's most important business sector – jumped by 18 per cent compared with the last half of 1990, averaging around £950m worth of shares each day.

The broker saw its share of UK commissions dip towards the end of last year following the defection of a number of its leading analysts. It claims to have recovered that ground and regained its previous market share of around 9 per cent.

Capel's return to profit also reflects a severe round of cost-cutting carried out last year and an end to the expensive investment programme of the late 1980s which saw it attempt to build an worldwide broking business on the back of its UK prominence.

It withdrew last year from convertibles – which had brought it a substantial trading loss early in 1990 – and fixed-income business.

Last week it announced the closure of its 19-year-old money-broking subsidiary, which lost £0.5m last year on capital of £10m.

La Caixa to sell its leasing arm

By Peter Bruce in Madrid

LA CAIXA, the large Catalan savings bank, has agreed to sell its leasing affiliate, GDS Leasinter, to the NMB Postbank Group of Holland.

La Caixa owns 93 per cent of GDS Leasinter and a further 7 per cent is quoted on the stock market in Madrid. NMB Postbank, part of the Internationale Nederlanden group, will pay about Pta5.48bn ($50m) for the stake. Leasinter's portfolio is valued at some Pta121bn.

The Dutch buyers have to extend their initial offer of Pta725 a share accepted by La Caixa to all the shareholders. As this is highly unlikely to tempt the remaining institutional shareholders on the markets the buyer will then make an offer to exclude the share from the stock market altogether.

GDS Leasinter is the fifth largest leasing company in Spain. NMB Postbank's leasing division, NMB Lease, runs 18 separate affiliates in Europe, with a portfolio worth Pta285bn. The Spanish acquisition will increase that by 42.5 per cent.

Linde advances 5% in first six months

By Andrew Fisher in Frankfurt

LINDE, the German fork-lift truck, gas and engineering group, yesterday said its pre-tax profits rose 5 per cent to DM236m ($135m) in the first half of this year, despite the cost of expanding into eastern Europe.

Turnover was up 13 per cent to DM3.1bn, the biggest increases occurring in industrial gases (up 27 per cent to DM722m) and refrigeration technology (up 24 per cent to DM361m).

The biggest division, materials handling – including fork-lift trucks – showed an increase of 8 per cent to DM1.6bn. Because of payments timings, turnover in industrial plant activities declined 7 per cent to DM399m.

Linde said its orders rose 7 per cent in the period to DM3.4bn. At the end of the first half, the order backlog was DM5.8bn, 10 per cent higher than the level at the end of 1990.

Benckiser growth to slow

By Katharine Campbell in Frankfurt

BENCKISER, the German consumer products group, expects sales growth to slow to around 10 per cent this year, while earnings are expected to fall below 1990's record levels.

The company is expecting sales of DM3.6bn ($2.05bn) for 1991 after recession-bound overseas markets slowed the rate of growth.

Last year, turnover rose 47.3 per cent to DM3.2bn, helped by the inclusion, for three quarters of the period, of sales from Astor/Lancaster, the cosmetics group.

In 1990, post-tax profits rose 48.8 per cent to DM167.3m, boosted by the sale of a 50 per cent share in Benckiser-Knapsack together with the proceeds of the management buy-out of the water treatment business.

Burmah Castrol buys Dryden Oil for $30m

By Andrew Bolger in London

BURMAH CASTROL, the UK lubricants, fuels and chemicals group, has agreed to pay $30m for Dryden Oil Company, the largest independent commercial lubricants company in the US.

Dryden Oil makes and markets lubricants for the commercial vehicle market of truck, bus and off-road fleets.

Last year Dryden had a turnover of £90m ($151m). Burmah Castrol declined to give the private company's profit figure, but said the acquisition would not dilute group earnings.

Dryden has a strong presence in the eastern side of the US and Burmah Castrol intends to build a national chain across the US, under the Dryden name.

The business will use Burmah Castrol technology and will be geared towards the service side of the commercial lubricants market, rather than the less lucrative commodity side.

Mr Jonathan Fry, managing director of Burmah Castrol, said: "Castrol has long targeted this sector as a growth opportunity. The purchase of Dryden Oil gives us a ready-made position in the largest commercial lubricants market in the world. Castrol Inc, our highly successful US company, has the expertise to use this acquisition as a springboard to profitable expansion in this sector."

Dryden Oil has some 400 employees, six blending plants, 17 branch warehouses and three laboratories. The deal is subject to US regulatory approval.

On completion, $24m will be payable in cash, the balance being due over the next two years.

This acquisition is the first significant deal by Burmah Castrol since it acquired Foseco, the speciality chemicals and abrasives producer, in a £259m takeover in December.

Burmah Castrol said it was making good progress in integrating Foseco's niche business of providing metallurgical chemicals to the steel, foundry and aluminium industries.

Sweden's financial tree withers

John Burton reports on the problems facing Erik Penser's empire

YGGDRASIL was the World Tree in Nordic mythology, its branches dominating heaven and earth. It was one measure of Mr Erik Penser's ambition that he chose the name for the investment company that formed the centre of his Swedish corporate empire.

The name was also unusually flamboyant for a man who is often described as the Greta Garbo of Swedish business due to a distaste for publicity.

But the financial Yggdrasil, whose limbs stretched from arms and chemicals to banking and technology during the 1980s, has now withered.

It has left Mr Penser, once one of Sweden's richest men with an estimated fortune of more than SKr4bn ($630m), "destitute and stony-broke" according to an executive at Nordbanken, his chief creditor.

Mr Penser has become the most prominent victim of the crisis in the country's finance company sector.

It has decimated the ranks of the generation of brash young financiers that rose to power during the last decade. Falling property and share prices have led to the shrinkage or collapse of their corporate fiefdoms, leaving the main Swedish banks with growing credit losses.

The banks made generous loans to the finance companies, which invested heavily in the booming property and money markets as the economy prospered. But the recession that

Erik Penser: persuaded banks to lend him SKr15bn

began last year created a wave of bankruptcies among the big independent finance companies. The Swedish banks, which had lost only SKr17bn in the 1980s, recorded losses of SKr11.2bn in 1990 as a result. Mr Penser appeared less vulnerable than the others. Although Gamlestaden, his finance company, was facing growing credit losses, Mr Penser's ability to cover the risks seemed impressive.

He controlled Nobel Industries, a chemicals and defence company that is among the 10 biggest industrial concerns in Sweden with sales of SKr23.4bn in 1990.

He also owned 13.5 per cent of Nordbanken, the state-dominated bank that is the country's second largest. Last autumn he persuaded the banks to lend him SKr14.6bn in short-term loans to stabilise Gamlestaden, betting that the property market would recover.

But Mr Penser, who has the reputation of being the country's biggest financial gambler, had bet wrong. Property prices continued to sink.

Gamlestaden announced losses of SKr2.8bn for the first half of 1991, wiping out its entire shareholder capital. The announcement last Thursday, as Mr Penser was celebrating his 49th birthday, threatened to bring down Yggdrasil and Nobel Industries.

The prospect of Nobel Industries going bust with 15,000 Swedish jobs at stake would alone have frightened the Social Democratic government just two weeks before a tough election.

But the collapse of Nobel would have also led to new credit losses for Nordbanken, which is already reeling from a management upheaval. The government had no choice but to intervene, with Nordbanken taking over all of Mr Penser's holdings, while planning a SKr5bn rescue.

It is not the first time that the government has been placed in an embarrassing position by Mr Penser, with whom it has maintained an ambivalent relationship.

Mr Penser, who began his career as a stockbroker, made his initial fortune through share deals in the 1970s. One of the companies in which he speculated was Bofors, Sweden's biggest arms producer.

He gradually gained control of Bofors, which led to criticism within the ruling Social Democratic Party that he was profiting from weapons sales to the government while living as a tax exile on a palatial estate near Swindon, England.

In 1984, he merged Bofors with Kema Nobel, a chemicals concern, to form Nobel Industries. The new concern became engulfed in arms smuggling and bribery scandals that damaged the government.

The controversy convinced Mr Penser to reduce Nobel's defence activities and concentrate on chemicals.

Questions are now being raised whether Mr Penser's close relationship with Nordbanken allowed him to gain easy and preferential access to bank loans.

The association with Mr Penser has left a distinctly bitter taste with government officials. One example is the harsh judgment delivered this week by Mr Bjorn Wahlstrom, the Nordbanken chairman, about the Swedish financier and the era he represented, declaring them "finished."

But the debate about whether the state has itself to blame may be only beginning.

Restructuring at Esselte blamed for 61% decline

By John Burton in Stockholm

ESSELTE, the Swedish office products group, yesterday reported that profits after financial items fell by 61 per cent to SKr38m ($5.9m) in the first half of 1991 due to weak demand and restructuring costs.

Rationalisation costs of SKr50m were largely to blame for the decline. Excluding this, earnings would have fallen by SKr9m to SKr88m for the period. Esselte warned that the benefits from the restructuring programme will have only a marginal impact this year.

The company said it could not give a forecast for the year, given the uncertainty in its main markets. Demand fell in the second quarter in the US, the UK and the Nordic region, while sales in the previously-strong German market may start to decline.

Total sales dropped by 7 per cent to SKr7.99bn during the first half.

Esselte began its restructuring last year by selling its publishing and property interests to concentrate on office products. The recovery has been hampered by the bankruptcy of its main shareholder, Mobilia.

Astra beats forecast with pre-tax profits up 46%

By John Burton

ASTRA, the Swedish pharmaceutical company, yesterday reported a 46 per cent rise in pre-tax profits to SKr1.75bn ($275m) for the first half of 1991, exceeding optimistic forecasts.

It warned, however, that earnings growth will slow, with a 30 per cent profit increase for the year to an estimated SKr3.26bn.

Astra, which has become the glamour stock on the Stockholm bourse and is Sweden's largest company in terms of market capitalisation, noted that its forecast was based on a 32 per cent increase in operating profits to SKr1.45bn.

Pre-tax profits during the period were bolstered by an improvement in foreign exchange income and other financial items. Sales increased by 32 per cent to SKr5.9bn, with sales of the ulcer drug Losec almost tripling from SKr800m to SKr2.25bn.

Losec, which was introduced in Japan in the second quarter with initial sales of SKr200m, has become the company's leading product, replacing respiratory and cardiovascular drugs.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

MCA acquisition cuts into Matsushita Electric profits

By Steven Butler in Tokyo

THE HIGH cost of Matsushita Electric Industrial's $6.1bn acquisition of MCA, the US entertainment group, has cut heavily into the Japanese group's quarterly pre-tax profits.

Profits were down 23.8 per cent to Y95.7bn ($696.54m) in the three months to the end of June, compared with the same period of 1990. After-tax profits declined 34 per cent to Y36.2bn. Earnings per share for the quarter fell from Y26.41 to Y17.40.

Matsushita, Japan's largest electronics company, said yesterday the cost of the MCA acquisition, including the write-off of goodwill and interest charges, came to Y26bn in the first quarter of the company's fiscal year.

It added, however, that the cost was one-off, and that subsequent quarters would not be similarly affected.

Consolidated sales, including MCA's in the three months to the end of March rose 12 per cent to Y1,770.6bn. If MCA's sales of Y111bn are excluded, Matsushita's sales rose 5.3 per cent to Y1,659.6bn.

The increase in the value of sales was achieved in spite of a rise in the average value of the yen from Y143 to the dollar to Y134. Matsushita's overseas sales rose from Y731bn to Y744.8bn, excluding MCA sales.

The value of sales increased marginally in video equipment, with strong demand for large colour televisions and for camcorders offset by slack sales of video recorder units. The market for video recorders is widely seen to be saturated.

Sales of audio equipment and electronic components increased marginally. Home appliance sales rose 11 per cent to Y259.7bn, with strong sales of air-conditioning equipment and washing machines.

Matsushita's sales of industrial and communication equipment also moved ahead strongly, rising 10 per cent to Y414.1bn.

This was supported by strong sales of disc drives, facsimile machines, and mobile communication systems, including telephones. Japan's mobile telephone market is in the midst of a rapid expansion.

Sales in Matsushita's battery and kitchen-related products rose 6 per cent to Y82.5bn, led by rising sales of nickel-cadmium and lithium batteries.

The company said results were also affected by an 11 per cent rise in spending for research and development and a 22 per cent increase in depreciation charges, although no figures were made available for the absolute amount of these costs.

Also unavailable were Matsushita's interest expenses and income for the two periods, which would have been heavily affected by the MCA acquisition.

See Lex

Haeco advances 7.8% to HK$146m

By Angus Foster in Hong Kong

HONG KONG Aircraft Engineering Company (Haeco), the largest aircraft maintenance specialist in Asia, yesterday announced a 7.8 per cent increase in net profits to HK$146.7m (US$19m) in the six months to the end of June. The company attributed the improvement to increased levels of aircraft engine and airframe maintenance work.

The company, which is part of the Swire Pacific group and carries out all maintenance for Cathay Pacific, said business was affected by general weakness in the aviation industry. However, it remains optimistic for the year as a whole.

Turnover grew 11.4 per cent to HK$881.1m. The slower rate of profits growth was due to a slightly higher tax charge. In the past, the company has also been affected by higher labour costs stemming from inflation and the drain of talent from Hong Kong.

Haeco said its airframe maintenance capacity was almost full for the rest of the year, reflecting an increased workload from Cathay Pacific, its largest customer, and on-going work for British Airways.

The company has raised its interim dividend to 23 cents a share from 22 cents last time.

● Sun Hung Kai, Hong Kong's largest stockbroker, announced a 5 per cent increase in net profits of HK$91.4m for the six months to end-June. The company benefited from a 21.7 per cent rise in the Hong Kong stock market during the period.

Sun Hung Kai is paying an unchanged interim dividend of 5 cents a share.

Australian building group up 94.6%

AUSTRALIAN building materials group Pioneer International exceeded market expectations by reporting a 94.6 per cent improvement in net profit to A$163.77m (US$127.9m) in the year to June 30, despite weak economies in Australia, UK and the US, writes Mark Westfield in Sydney.

Last year, Pioneer suffered depressed earnings and a hefty increased tax and interest bill to record a net operating profit of A$84.17m – 44.7 per cent lower than the previous year. After an extraordinary write-off of A$277.5m on its 42 per cent holding in mining group Giant Resources, Pioneer's loss was A$107.64m in 1990, its first loss in 40 years.

This year's earnings were helped by a strong performance from its 52.6 per cent subsidiary Ampol Exploration as a result of oil price increases during the Gulf war. Pioneer, which sold the holding last week for A$294m had sales of A$5.372bn, 9.4 per cent up on last year's A$4.91bn.

Earnings before tax and abnormals rose 51 per cent from A$203m in 1990 to A$307.54m last financial year. The tax bill was up from A$83.7m in 1990 to A$115.2m in the latest year.

Although demand for building materials in Australia fell by 17 per cent over the year, the Australian division's results increased 3 per cent due to the first full-year's contribution of Brick and Pipe Industries, acquired in 1989 for A$290m.

Pioneer has reduced debt by 42 per cent to A$971m.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on August 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	102¼	102¾	-⅛	7.23	BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.45
ALBERTA PROVINCE 9 3/8 95	600	105⅛	105⅝	-⅛	7.87	KREDIETCORP 7 93 LFr	1000	95⅝	96⅝		9.56
AUSTRIA 8 1/2 00	400	100⅜	101	-⅛	8.38	WORLD BANK 8 96 LFr	1000	95⅝	97⅛		9.14
BANK OF TOKYO 8 3/8 96	100	100¼	101	-⅛	8.22	RABOBANK 5 3/4 93 Fl	150	94½	95¼	-⅛	9.79
BELGIUM 9 5/8 98	250	106⅝	106⅞	-⅛	8.38	UNILEVER 9 00 Fl	500	101⅞	102⅞	-⅛	8.68
BFCE 7 3/4 97	150	99⅞	100⅛	+⅛	7.79	BCE INC 9 5/8 99 C$	300	99⅝	100⅛	+⅛	9.81
BHP 8 5/8 94	300	103⅛	103½	-⅛	7.39	BELL CANADA 10 5/8 99 C$	150	100¼	101¼	+⅛	10.47
BP CAPITAL 9 5/8 93	150	102⅞	103⅜	-⅛	7.31	BRITISH COLUMBIA 9 1/4 95 C$	150	99½	100		9.54
[illegible]						[illegible]					

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. [illegible]

FLOATING RATE NOTES: [illegible]

CONVERTIBLE BONDS: [illegible]

DBS Land improves to S$22.1m in first half

By Joyce Quek in Singapore

DBS LAND, the property arm of Singapore's government-linked DBS Bank, has posted an improvement in interim results due in part to the completion of several property developments last year.

Group turnover for the half-year to June rose 25.6 per cent to S$87.7m (US$51.3m), while pre-tax profits were 4.6 per cent higher at S$22.1m. Earnings per share increased from 2.24 cents to 2.51 cents.

The group attributed its income growth to increased rentals, higher lease renewal rates for investment properties, as well as a significant boost in revenue from new businesses in engineering services, town management services and food and beverage.

Offsetting the gains were lower property sales in the first half, a 7 per cent increase in interest expenses, and a 4.5 per cent drop in interest and equity investment income.

The second half is expected to be better than the first, with the reopening of Raffles, the company's flagship hotel, as a suites-only establishment.

● Parkway Holdings, the Singaporean property and health-care group, suffered a 22.6 per cent drop in group turnover to S$81.3m (US$47.5m) for the six months to June, from S$105.1m previously.

The group's pre-tax profits were nearly stagnant at S$15.5m against S$15.7m, despite increased contributions from associate companies.

The directors said the group's overall performance was within expectations.

A 5 per cent interim dividend was declared.

Cineplex Odeon plans $119m rights issue

By Robert Gibbens in Montreal

CINEPLEX Odeon, a leading North American cinema group controlled by the Bronfman family of Montreal and MCA of the US, plans to raise US$119m through a rights offer of common and restricted voting shares.

Claridge Investments, the main Bronfman holding company, will take up its right and will buy any common shares that are not purchased. MCA will take up all the subordinate shares offered for $59m.

Total proceeds will enable Cineplex to repay MCA and Claridge $100m of debt, plus accrued interest. Both parent companies had advanced the money to Cineplex last autumn when it failed to meet loan covenants.

Cineplex's term debt after the rights issue will be about $450m.

The rights issue is the final step in a restructuring of the company's cinema holdings, totalling 1,700 screens at 400 locations in Canada and the US.

For the six months ended June 30, Cineplex lost $38.8m, or 81 cents a share, including a $13.3m loss on discontinued operations. Revenues were $280m.

Amoco Canada and Dow agree joint oil venture

AMOCO Canada Petroleum and Dow Chemical Canada said they have signed a letter of intent to form a new company to jointly own and operate oil and gas properties with a total of 44,000 barrels per day of oil equivalent production capacity, Reuter reports.

Shares in the new company will be sold to the public by mid-1994, with Amoco and Dow disposing of their entire interests by December 1996.

Dow Chemical Canada is a unit of Dow Chemical of Michigan, and Amoco Canada a unit of Amoco of the US.

As part of its 1988 purchase of Dome Petroleum, Amoco Canada had agreed with Investment Canada to sell 20 per cent of the equity of Amoco Canada within 10 years of the Dome acquisition, with a partial sale to be completed within five years.

"As that deadline approaches, we realise that Amoco Canada will not be in a financial position to effect the sale," Mr Don Stacy, Amoco Canada's chairman, said in a statement.

"The debt, and consequently our debt/equity ratio, is simply too high to sell shares to the public," he said.

He added that Investment Canada accepted the joint venture with Dow Chemical Canada as an alternative.

Maligne Resources, a subsidiary of Dow, and Amoco Canada will each contribute properties to the new company.

Peugeot hatchback set to make debut

By John Griffiths

PEUGEOT, the French vehicles group, has invested FFr4.4bn ($740.7m) in a new small hatchback range, the 106, which is to go on sale – initially in France – in mid-September.

Annual production of the 106 is scheduled to reach 300,000 next year, underlining the importance of the small hatchback sector in Europe. The model is to be launched in all main European markets, including the UK, before the end of this year.

Such cars accounted for around a third of Europe's 13.2m new car market last year. According to Peugeot, some 40 per cent of new cars sold in France are in this sector.

Notable rivals include the Volkswagen Polo, Ford Fiesta, Renault Clio, Opel/Vauxhall Nova and Fiat Uno. The sector is led by the Fiesta, 343,000 of which were sold in the first six months of this year.

The 106, with an engine capacities of 1 to 1.4 litres, is slightly smaller than the company's highly successful 205 range, which has become something of a "cult" car in Europe.

Both will compete in the same sector of the market. However, Peugeot describes the 106 as the first of a new generation of cars which will gradually replace the 205, 309 and 405 ranges during the 1990s.

The 106 has taken just over three years to bring into production since the first prototype was developed, underlining the increased pressure European manufacturers are under to develop new models in the face of increasingly severe competition from Japanese manufacturers.

The 106 is being built at Mulhouse, the Peugeot's group's manufacturing site in Alsace, near the Swiss border, where the 205 is also produced.

Tube Makers 58% down

STEEL fabricator and merchandiser Tube Makers of Australia has suffered heavily in the Australian recession, recording a 57.8 per cent fall in post-tax profit to A$26.4m (US$20.6m) for the year to June 30, writes Mark Westfield.

Group sales were down 9.5 per cent to A$1.2bn despite the acquisition of the McPherson's Metals Group in the second half. Operating profit for abnormals and tax was 47.2 per cent down to A$53.2m, from A$100.8m in the previous year. Tube Makers is 49.7 per cent owned by Australia's largest company, BHP.

The company strengthened its balance sheet by reducing bank debt to 39 per cent of shareholders' funds, from 43 per cent in the 1990 year.

INTERNATIONAL CAPITAL MARKETS

Funding concerns cause long-dated gilts to slip

By Sara Webb in London and Patrick Harverson in New York

LONG-dated UK government bonds slipped yesterday on funding worries while short-dated gilts remained virtually unchanged.

The Bank of England is expected to announce an auction of long-dated gilts shortly, to take place in September.

Traders said there was also speculation the bank could announce further tap issues of medium-dated stock in the next couple of weeks.

The 10 per cent gilt due 2001 fell from its opening of $100\frac{1}{8}$ to $100\frac{1}{16}$ by late afternoon, while the 9 per cent gilt due 2008 opened at $93\frac{11}{16}$ and fell to $93\frac{5}{8}$.

■ A moderately weak US consumer confidence report for August helped boost bond market sentiment yesterday, but the lack of investor interest kept gains to a minimum.

By midday, the benchmark 30-year bond was up $\frac{1}{16}$ at $99\frac{13}{16}$, yielding 8.136 per cent. The two-year note was unchanged at $100\frac{5}{32}$, yielding 6.415 per cent.

The Conference Board's report that the index of consumer confidence had fallen slightly last month was a reflection of a more positive assessment of current economic conditions, but a less optimistic assessment by consumers of the months ahead, especially regarding employment prospects.

Although the data alone was unlikely to have much of an impact, when added to other economic numbers it is likely to increase the pressure on the Federal Reserve to aid the struggling economy with a fresh cut in interest rates.

■ GERMAN government bonds edged up on recent favourable inflation figures for the largest German regional states.

The Liffe bund futures contract opened at 84.61 and closed at 84.71 though volumes in the futures were low at about 15,000 contracts.

Mr Hans Tietmeyer, Bundesbank vice-president, was reported as saying that monetary policy-makers had to wait for price data in the coming months to gauge if western German price increases had started to flatten out. But, traders said the market looked favourably on news that two German regional states had reported unchanged prices in August from July.

■ JAPANESE government bond prices rallied yesterday morning on speculation the Bank of Japan might have to lower interest rates to help support the stock market. Prices closed lower on the day.

The bond market expects an easing of short-term interest rates when the Bank of Japan releases its quarterly Tankan economic review next week.

The yield on the No 129 JGB opened at 6.455 per cent, moving to 6.425 per cent and closed at 6.46 per cent in Tokyo.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	108.1821	-0.654	10.66	10.62	10.89
BELGIUM		9.000	06/01	97.8500	+0.100	9.33	9.46	9.46
CANADA *		9.750	12/01	100.0500	-0.175	9.74	9.71	9.89
DENMARK		9.000	11/00	98.0250	-0.150	9.31	9.37	9.45
FRANCE	BTAN	8.500	11/96	97.1169	-0.036	9.20	9.30	9.33
	OAT	9.500	01/01	102.7600	-0.120	9.03	9.22	9.24
GERMANY		8.750	08/01	101.7100	+0.070	8.49	8.59	8.57
ITALY		12.500	03/01	97.5200	-0.290	13.38	13.51	13.42
JAPAN	No 119	4.800	06/99	89.8590	+0.028	6.79	6.89	7.01
	No 129	6.400	03/00	99.6966	-	6.45	6.49	6.63
NETHERLANDS		8.500	03/01	97.8800	+0.140	8.82	8.94	8.90
SPAIN		11.900	07/96	100.3500	+0.150	11.77	11.97	12.12
UK GILTS		10.000	11/96	99-30	+01/32	10.01	10.01	10.23
		10.000	02/01	100-02	-05/32	9.99	10.01	10.17
		9.000	10/08	93-21	-09/32	9.76	9.81	9.94
US TREASURY *		7.875	08/01	99-26	+03/32	7.90	7.80	8.17
		8.125	08/21	99-26	+04/32	8.14	8.09	8.36

London closing, *New York morning session. Prices: US, UK in 32nds, others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

MG-First Boston Asset Trading closed

By Patrick Harverson

FIRST Boston, the US investment bank, and Metallgesellschaft, the German diversified industrial group, have dissolved their debt trading joint venture so that they can concentrate on trading both less developed country (LDC) loans and LDC bonds for their own account.

MG-First Boston Asset Trading, which began trading in 1989, has been closed because the market for participations in LDC bank loans, in which the firm traded, has evolved more into a market for new bond issues by Latin American sovereign and private borrowers.

First Boston's strength in US bond and Eurobond issues (the latter through its European subsidiary Credit Suisse First Boston) meant that there was no need for the joint venture to duplicate the services already provided to customers in Latin America, the US and Europe.

Metallgesellschaft also believes its customers will be best served by trading LDC debt and equity in-house, rather than through the joint venture with First Boston.

In its short lifetime, MG-First Boston Asset Trading was involved in innovative transactions, including the financing of Iberia's acquisition of Aerolineas Argentinas and the first bond issue for a private sector Venezuelan borrower, Sivensa. In the first 11 months of the current fiscal year, the joint venture traded $3bn of LDC debt.

LTOM sets date for new options contract

By Peter John

THE LONDON Traded Options Market (LTOM) has set the date for the launch of a new European options contract, comparable in size and value to the existing Footsie contract.

Trading on the FT-SE Eurotrack 100 Index, which will contain a basket of 100 non-UK European stocks, will begin on September 23.

The announcement follows the launch of a compatible futures contract by the London International Financial Futures Exchange at the end of June.

LTOM and LIFFE are due to join forces at the end of the year, and Mr Tony de Guingand, the managing director of LTOM, said: "Eurotrack futures and options represent the first joint product venture undertaken by the two exchanges in the lead up to the merger."

The aim of both is to increase the ability of UK and overseas investors to enhance or modify their exposure to Europe.

The Eurotrack contracts will have to compete with futures and options on a rival index, the Eurotop, which consists of 100 European shares and has a 22 per cent UK weighting.

Eurotop was launched on June 6 on Amsterdam's European Options Exchange and Zurich's Swiss Options and Financial Futures Exchange.

Many dealers argue that Eurotrack derivatives will meet stronger demand because they are based on a better index. The Eurotrack index has good correlation with the key European benchmark indices (such as the FTA and Morgan Stanley) and tends to elicit a positive response in the UK, where fund managers often split UK and continental European investments.

● THE Commodity Futures Trading Commission voted to permit the Chicago Board Of Trade to trade options on its two-year Treasury note futures contracts, AP-DJ reports.

The options will give the holder the right to buy or sell one cash-settled, two-year T-Note at a specificed price by a certain expiration date.

Two Swiss banks lift cash bond rates

By Tracy Corrigan

THREE new issues of subordinated debt totalling SFr450m weighed heavily on the Swiss bond market after two Swiss banks raised their cash bond rates between ¼ and ½ point.

Swiss Bank Corporation, the country's second largest commercial bank, is raising interest rates on medium-term cash bonds by ¼ point, effective today. Zuercher Kantonalbank also hiked its cash bond rates.

The rate move suggests Swiss interest rates are likely to remain high for some time, discouraging investment in bonds.

Prices in recent bond issues slipped a little, and the three new deals came under pressure. "Swiss investors were just starting to return to the market and this has certainly dampened their enthusiasm," one dealer said.

Germany's Commerzbank, France's Crédit Lyonnais and Sweden's SE Banken each launched 10-year bonds, all yielding just over 7 per cent. Dealers said that in the current climate subordinated debt for well-known bank names was quite attractive for investors, who are keen to lock in high coupons. The Swiss market is one of few sources of subordinated capital for banks eager to meet new capital adequacy guidelines. But bankers warn the market is only open to double-A and triple-A rated names.

Dealers are now hoping the next data on Swiss inflation, due in early September, will show a fall below 6 per cent, and help boost interest in bonds.

In the French market, the Republic of Finland launched a FFr3bn issue of 10-year bonds, which will become a trading benchmark, dealers said.

Dealers reported steady demand for the issue, as investors still expect the French market to outperform Germany. In addition, there has been little supply of paper during the summer months. Real interest rates in France are relatively high, and a number of analysts expect economic recession in France to prompt a rate cut. Consequently, dealers reported some interest from UK fund managers, rarely active in the sector.

The Finland deal, arranged by BNP Capital Markets, was priced to yield 40 basis points above comparable French government bonds, which dealers considered fair. BNP had been working on the deal for several weeks, and the paper had been largely pre-placed. BNP held on to the mandate, even though other French banks had tried to wrest it from BNP by undercutting the pricing.

The deal was quoted slightly above its fixed re-offer priced of 98.80, at 98.82 bid.

The deal is unswapped. Since the Finnish markka is now linked to the Ecu, Finland is now holding both D-marks and French francs. The swap market is currently affording few opportunities for borrowers without an appetite for French francs, dealers said.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Matsushita Electric Wks(a)♦	200	4⅝	100	1995	2¼/1½	Yamaichi Int.
Hokkai Can(a)♦	100	4⅝	100	1995	2¼/1½	Daiwa Europe
CANADIAN DOLLARS						
Bk of Montreal (London)(a)†	100	10⅜	101.525	1996	1⅞/1⅜	BMO Nesbitt Thomson
FRENCH FRANCS						
Republic of Finland(a)†	3bn	9¼	98.80	2001	32.5/17.5bp	BNP Cap.Mkts.
D-MARKS						
Isveimer(b)‡†	200	(b)	99.56	1996	20/10bp	DG Bank
SWISS FRANCS						
Credit Lyonnais(c)†	150	7⅛	101¾	2001	-	UBS
SE Banken(c)†	100	7¼	102	2001	-	SBC
Nagahori Corp(d)★★♦	55	5¼	100	1995	-	Coutts & Co.
Nihon Inter(e)★★♦	40	5¼	100	1995	-	Wirtschafts & Privatbk
Katakura(f)★★§	20	6	100	1995	-	Bca.d'Svizzera Italiana
Commerzbank(g)†	150	7	100¼	2001	-	SBC

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Fiduciary issuer - KBL. Callable at par after 2 years. Coupon pays 25bp over 6-month Libor. c) Subordinated issue. Non-callable. d) Callable after a year at 101½% declining by ¼% semi-annually. e) Callable in 1993 at 101% declining ¼% semi-annually. f) Callable on 30/9/93 at 102% declining ½% annually. g) Subordinated issue, launched 26/8/91. Amount increased from SFr100m. Non-callable.

Decision on Salomon expected shortly

By Sara Webb

A DECISION from the UK Treasury on whether to go ahead with its appointment of Salomon Brothers, the US investment house, as US lead manager for the government's sale of shares in British Telecom, is due shortly.

So far, market signs indicate that Salomon Brothers is likely to retain its position as lead manager for the share offering in the US, despite the admission that it rigged recent US Treasury bond auctions.

The Treasury confirmed yesterday that Salomon Brothers has been told to continue its preparatory work on the issue while the Treasury discusses the issue with other City of London institutions, including S. G. Warburg Securities.

S. G. Warburg is masterminding the sale of part of the government's 48.6 per cent stake in British Telecom.

The offering is expected to raise about £5bn, and is scheduled for November.

Other contestants for the role of US lead manager said the fact that Salomon Brothers has been told to proceed with preparatory work for the issue was "almost certainly" a sign that the UK Treasury did not intend to revoke the mandate.

Salomon Brothers' admission that it rigged recent US Treasury bond auctions led the UK Treasury to reconsider its relationship with the US investment house last week.

If Salomon Brothers loses its primary dealership in the US, it would risk losing a considerable amount of bond-related business, although it is unclear whether it would lose business on the equity side.

Some large investors in the US and the UK have announced that they are reviewing their relationships with Salomon Brothers.

However, Salomon Brothers recently successfully lead-managed Time Warner's $2.76bn rights offering and is now proceeding with a $400 to $490m share offering for Chrysler.

Chrysler plans to issue 33m shares.

Of these, 28m will be offered in the US and Canada, while 5m are due to be offered internationally.

An additional 5m shares may be issued if there is strong investor demand.

The funds raised will be used for continuing modernisation of production facilities.

INTERNATIONAL EQUITY ISSUES

Institutions sell C$2.4bn of Canadian bonds

FOREIGN institutions sold a record C$2.4bn Canadian bonds in the secondary market in June, but the divestment was offset by C$2.3bn of acquisitions of money-market paper, writes Robert Gibbens.

The biggest net sellers of Canadian debt in June were European institutions, followed by Japanese. Statistics Canada figures indicate investors were clearly shortening the term of their investments. In June, the Canadian and US bond markets weakened in the face of heavy government borrowing.

For the first half, net divestment in the secondary bond markets was C$3.6bn, against net investment of C$1bn a year earlier. Net divestment from Canadian stocks continued in June for the 12th consecutive month. The total was C$1.4bn in the first half.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue Aug 27 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Aug 23 Index No.	Thu Aug 22 Index No.	Wed Aug 21 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (183)	855.94	-0.3	9.85	5.65	12.52	23.39	858.27	857.04	849.23	758.49
2 Building Materials (24)	1100.13	-0.2	8.37	5.64	15.17	31.82	1102.57	1094.88	1077.07	969.09
3 Contracting, Construction (31)	1163.46	-0.1	9.45	6.71	13.97	32.68	1164.45	1162.88	1153.61	1221.59
4 Electricals (11)	2465.47	-0.7	9.71	5.40	13.17	63.95	2481.79	2458.20	2402.96	2063.10
5 Electronics (24)	1756.26	-0.1	8.55	5.18	15.07	48.40	1757.31	1744.99	1752.67	1610.46
6 Engineering-Aerospace (8)	407.34	-0.6	16.77	6.16	7.15	12.11	409.65	412.94	412.56	419.30
7 Engineering-General (45)	479.80	+0.2	11.11	5.35	11.05	13.13	478.81	478.74	471.50	412.57
8 Metals and Metal Forming (8)	447.71	-0.4	15.75	7.89	7.79	17.15	449.72	449.46	442.54	418.03
9 Motors (12)	356.94	-0.4	9.20	6.73	13.39	12.13	358.41	357.60	355.07	305.07
10 Other Industrial Materials (20)	1639.21	-0.5	8.54	4.91	13.76	36.42	1646.64	1652.72	1641.99	1347.25
21 CONSUMER GROUP (188)	1548.67	-0.8	7.45	3.53	16.56	26.76	1561.66	1552.60	1537.83	1176.38
22 Brewers and Distillers (22)	1884.04	-0.7	8.16	3.55	14.95	34.70	1898.02	1878.88	1867.98	1446.32
25 Food Manufacturing (19)	1212.91	-0.5	9.46	4.08	13.06	24.86	1219.08	1219.78	1212.87	998.46
26 Food Retailing (17)	2632.27	-1.5	8.17	3.17	16.01	44.38	2673.16	2664.54	2652.93	2383.25
27 Health and Household (22)	3701.21	-1.0	5.23	2.34	21.78	35.00	3739.16	3717.62	3670.43	2240.69
29 Hotels and Leisure (23)	1352.34	-0.6	8.80	5.11	13.69	35.83	1360.51	1359.23	1344.81	1253.35
30 Media (26)	1488.80	-0.2	7.41	4.77	17.59	38.58	1491.95	1474.95	1457.43	0.00
31 Packaging, Paper & Printing (18)	767.57	-0.2	7.35	4.29	16.44	15.40	769.32	757.09	751.14	525.38
34 Stores (32)	1013.25	-1.0	7.55	3.67	17.29	17.12	1023.84	1019.26	1004.14	780.47
35 Textiles (9)	613.49	-0.2	8.18	5.05	15.17	14.09	614.71	611.32	610.76	427.58
40 OTHER GROUPS (109)	1276.91	-0.5	9.62	5.05	12.96	31.65	1283.58	1276.12	1267.98	1019.04
41 Business Services (12)	1402.16	-0.5	7.70	4.67	16.07	29.77	1409.29	1399.07	1378.84	0.00
42 Chemicals (21)	1467.56	-0.1	6.95	4.91	17.75	45.88	1469.73	1456.26	1437.95	1044.98
43 Conglomerates (10)	1501.89	-1.2	9.91	7.02	12.18	35.14	1519.91	1520.20	1501.11	1404.93
44 Transport (13)	2313.41	-0.2	7.76	4.63	15.97	50.50	2317.60	2286.99	2262.99	1975.33
45 Electricity (16)	1225.71	-0.4	14.29	5.31	8.95	24.04	1230.15	1229.72	1228.61	0.00
46 Telephone Networks (4)	1543.35	-0.8	9.57	3.94	13.68	28.34	1555.59	1541.86	1512.15	1112.80
47 Water (10)	2364.95	-0.6	17.30	6.51	6.40	118.37	2379.66	2388.70	2400.19	1951.25
48 Miscellaneous (23)	1929.50	....	6.29	5.02	20.59	47.89	1930.11	1918.40	1974.14	1519.67
49 INDUSTRIAL GROUP (480)	1293.45	-0.6	8.61	4.43	14.38	28.00	1301.56	1295.10	1284.19	1031.49
51 Oil & Gas (20)	2470.55	-0.6	10.59	5.57	12.46	77.74	2486.56	2446.57	2431.53	2355.54
59 500 SHARE INDEX (500)	1393.97	-0.6	8.86	4.57	14.10	31.95	1402.75	1393.82	1382.48	1139.95
61 FINANCIAL GROUP (92)	831.72	-0.5	-	5.60	-	26.77	836.06	832.17	825.46	715.42
62 Banks (9)	981.81	-0.8	4.34	5.43	43.21	36.83	990.14	980.77	963.24	766.83
65 Insurance (Life) (7)	1587.25	-0.1	-	5.22	-	41.64	1589.20	1592.72	1594.33	1330.78
66 Insurance (Composite) (6)	652.04	-0.3	-	6.73	-	22.61	654.23	657.35	663.12	609.34
67 Insurance (Brokers) (9)	1164.94	-0.3	7.04	5.80	18.59	30.86	1168.11	1165.03	1163.57	856.05
68 Merchant Banks (7)	438.55	+0.5	-	4.78	-	12.16	436.18	435.74	433.73	378.53
69 Property (36)	931.57	-0.8	5.97	5.00	23.86	20.96	938.90	931.84	924.15	966.09
70 Other Financial (18)	260.42	+0.6	11.03	6.96	11.36	7.99	258.88	256.82	253.97	253.81
71 Investment Trusts (69)	1232.16	-0.3	-	3.50	-	22.35	1235.41	1234.56	1224.56	1045.26
99 ALL-SHARE INDEX (661)	1257.11	-0.6	-	4.68	-	30.23	1264.73	1257.16	1246.94	1036.51

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Year ago
FT-SE 100 SHARE INDEX♦	2619.8	-20.9	2648.2	2619.8	2640.7	2623.0	2601.9	2554.5	2540.5	2126.1

FIXED INTEREST

PRICE INDICES	Tue Aug 27	Day's change %	Fri Aug 23	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	121.74	+0.02	121.71	2.10	7.71
2 5-15 years (27)	132.46	-0.10	132.75	1.61	9.52
3 Over 15 years (9)	141.98	-0.19	142.24	3.09	7.40
4 Irredeemables (6)	155.69	-0.11	157.01	2.39	8.48
5 All stocks (70)	131.52	-0.07	131.71	1.95	8.81
Index-Linked					
6 Up to 5 years (1)	162.88	+0.27	162.45	0.98	2.72
7 Over 5 years (10)	145.74	+0.48	145.05	0.52	3.15
8 All stocks (11)	146.82	+0.47	146.13	0.54	3.14
9 Debs & Loans (58)	111.63	+1.05	110.47	2.10	7.16

AVERAGE GROSS REDEMPTION YIELDS		Tue Aug 27	Fri Aug 23	Year ago (approx.)
British Government				
1 Low	5 years	8.95	8.92	11.12
2 Coupons	15 years	9.67	9.65	11.12
3 (0%-7¾%)	20 years	9.67	9.65	11.11
4 Medium	5 years	10.03	10.02	12.05
5 Coupons	15 years	9.86	9.83	11.67
6 (8%-10¾%)	20 years	9.80	9.78	11.54
7 High	5 years	10.20	10.20	12.17
8 Coupons	15 years	9.96	9.94	11.93
9 (11%-)	20 years	9.87	9.84	11.83
10 Irredeemables†		9.86	9.85	11.26
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.82	3.91	4.69
12 Inflation rate 5%	Over 5 yrs.	4.33	4.37	4.30
13 Inflation rate 10%	Up to 5 yrs.	2.84	2.93	3.53
14 Inflation rate 10%	Over 5 yrs.	4.14	4.17	4.11
15 Debs &	5 years	11.65	11.73	14.11
16 Loans	15 years	11.38	11.52	13.25
17	25 years	11.19	11.32	12.94

♦Opening index 2642.6; 9 am 2648.0; 10 am 2643.3; 11 am 2635.5; Noon 2629.6; 1 pm 2629.3; 2 pm 2629.8; 2.30 pm 2630.1; 3 pm 2630.2; 4 10 pm 2620.9; (a) 8.54am (b) 4.30pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	14	41	28
Corporations, Dominion and Foreign Bonds	2	8	10
Industrials	288	262	953
Financial and Properties	125	113	505
Oils	16	19	53
Plantations	0	1	9
Mines	24	59	73
Others	80	31	36
Totals	549	534	1,667

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]											
100	F.P.	-	35	23	Do. Warrants	34		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
100	F.P.	-	100	98½	Cambourne Inds. 10½pc Rd. Deb. 2001	99½	+1
100	F.P.	-	90	79½	Claybithe 9½pc Cnv. Ln. 2000-01	79½	-1
100p	F.P.	-	108p	104½p	Gartmore Scotland Zero Div Prf.	108p	+1
100p	F.P.	-	107p	102½p	Kleinwort High Income Zero Div Prf.	107p	+½
102½p	F.P.		107¼p	103p	Murray Split Cap Tst Zero Div Prf 10p	107¼p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
50	Nil	-	16pm	11pm	♦Applied Holographics 5p	11pm	-1
33	Nil	-	1¼pm	1¼pm	Bespoke 5p	1¼pm	
10	Nil	-	2pm	1½pm	Benson Group 2.5p	1½pm	
47	Nil	-	25½pm	17pm	Blenec Inds. 5p	24pm	-½
225	Nil	-	25pm	22pm	Capital & Counties	25pm	
14	Nil	-	1½pm	½pm	♦Explaura I/V 5p	½pm	
20	Nil	-	3pm	2pm	♦Pelican 20p	2pm	
39	Nil	-	6pm	4pm	Try Group 10p	6pm	+1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

LONDON TRADED OPTIONS

Option		Calls			Puts		
[illegible]							
Sainsbury (*359)	360	-	-	33	-	-	17½
Shell Trans. (*529)	500	34½	46½	50½	5¼	11½	16
	550	6½	20½	23½	30½	35½	39½
Storehouse (*111)	110	7	10½	13½	4½	8	9
	120	2½	6	9	10½	13½	14½
Trafalgar (*238)	231	17½	23	-	8	17½	-
	240	-	-	24	-	-	25
Utd. Biscuits (*396)	390	17½	27	34½	10½	14½	20
	420	4	12½	19	29½	32½	37½
Barclays (*474)	460	22	39½	50½	7	13½	20
	500	4	18½	29½	28½	33½	38½
Blue Circle (*267)	260	10½	21	29	6½	12	15½
	280	4	11½	20	19	23	26
British Gas (*273)	260	17	23½	29½	1½	5	8
	280	4	12½	17½	10	12½	15½
Dixons (*265)	260	12½	23½	29½	6	12½	16½
	280	3½	13	19	17	21	25
Eurotunnel (*492)	460	40	60	80	6½	15½	23½
	500	21½	40	58	20½	33½	40

August 27 Total Contracts 18,309. Calls 11,470 Puts 6,839. FT-SE Index Calls 1,289 Puts 1,278. Euro FT-SE Calls 813 Puts 158. *Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

TRADITIONAL OPTIONS

- First Dealings: Aug. 19
- Last Dealings: Sept. 6
- Last Declarations: Nov. 21
- For settlement: Dec. 2

For rate indications see end of London Share Service

Calls in Brent Walker, Burton, Butte Mining, Control Sec., Douglas (RM), Kunick, London Sec., Tullow Oil and Wilshaw. Put in Brown & Jackson. Puts and calls in Ferranti and Tullow Oil.

UK COMPANY NEWS

A sporting chance of fresh success

Alice Rawsthorn charts the changing fortunes of Pentland

FOR A time Pentland looked suspiciously like one of those companies whose luck had run out.

Pentland struck it lucky in the early 1980s when its $77,500 (now £46,000) investment in Reebok, then a struggling US sports shoe company, turned into a substantial stake in one of the hottest stocks on Wall Street.

But by the end of the 1980s Reebok's fortunes were floundering and Pentland's efforts to reduce its reliance on the US company seemed doomed to failure.

There was its abortive bid for Parker Pen. And then there was its reverse takeover by Bertrams, an obscure investment trust.

Now it looks as if Pentland has hit a lucky streak again. Earlier this year it raised $396m (£240m) by selling half its stake in Reebok. It has since, in its new guise as a cash-rich company in a recession-struck stock market, done a series of deals culminating in last week's DM134.5m (£45.4m) acquisition of a 20 per cent stake in Adidas, one of the best known names in sporting goods.

At the same time as it has been negotiating its new investments – which include Speedo swimwear and Pony sports shoes as well as Adidas – Pentland has been rationalising its traditional footwear interests.

What does Pentland look like today? And how does the management team, still led by Mr Stephen Rubin, its flamboyant chairman, plan to develop it in the future?

Pentland is an odd animal. It looks less like a conventional holding company and more like an investment vehicle for a collection of licensing and distribution businesses loosely concerned with sports or leisure goods.

Speedo is the biggest single brand. Pentland bought the rights to Speedo, originally owned by various companies in different international markets, in a series of separate deals.

It began last August by buying 80 per cent of Speedo Europe and went on to take sole control of Speedo International, which owns the worldwide rights, and then to acquire 40 per cent of Speedo America.

Mr Frank Farrant, group managing director finance, said Pentland hoped eventually to take full control of the European and US businesses. Meanwhile it has moved the headquarters of Speedo International to its own base in north London and has set up a design team to work on the brand.

Pentland plans to extend Speedo beyond its base in performance swimwear into new markets like beach and leisurewear. The new products will be sourced through Asco, Pentland's Hong Kong-based buying business. The first new collection, which will be sold in Europe next summer, is to be launched next week.

Pentland also plans to develop Pony, now positioned as a cheaper sports shoe than Reebok or its arch-rival, Nike, initially by switching Pony's sourcing into Asco. However

Stephen Rubin; Pentland's flamboyant chairman

Mr Farrant said Pentland, which bought Pony last month, had "not had enough time" to finalise plans for marketing or product development.

Adidas presents a different set of problems. Pentland hopes to increase its holding. It negotiated priority pre-emptive rights over the rest of the equity as part of the purchase of its 20 per cent stake.

In the meantime it is appointing a representative as joint managing director of Adidas and has secured representation on the management boards. Over the longer term it hopes that Asco will become involved with sourcing for Adidas.

By contrast Pentland has no managerial involvement with Reebok, in which it still holds a 13 per cent stake. Reebok's fortunes have revived this year and it is now challenging Nike as the leading US sports shoe brand. The value of Pentland's investment has risen significantly – from £41m to over £200m – since the end of last year.

Mr Farrant said Pentland was still concerned about having so large an investment in a company over which it had no control, but had "no plans at present" to further reduce its Reebok holding.

Pentland has now completed the rationalisation of its old footwear interests. It has sold its remaining production plants – one in the US, the other in the UK. However it has kept its importing and licensing businesses, including Kicker boots and Ellesse tennis shoes, in the UK. It also plans to expand Asco through its investments in Pony and, possibly, Adidas.

Earlier this week Pentland announced it was trebling its interim dividend on pre-tax profits of £6m for the six months to June 30.

Mr Mike Costello, an analyst at Kleinwort Benson Securities in London, forecasts pre-tax profits of £20m for 1991 and £31m for 1992, the first full year incorporating the recent investments.

Meanwhile Pentland, which still has £130m in surplus cash, is scouting about for more acquisitions.

Mr Farrant said it was looking for strong brand names in similar areas of consumer products. Pentland plans to do a number of deals while the trading climate is still weighted in favour of buyers, rather than sellers – providing its luck holds.

NEWS DIGEST

Unilever packaging sale near

UNILEVER, the Anglo-Dutch consumer products group, yesterday announced that it was close to selling 4P Group, its German and French packaging arm, to Royal Packaging Industries Van Leer.

No further information is being given until the transaction is finalised and the relevant consultations with 4P's work councils take place. 4P has sales of more than DM1bn (£350m).

Van Leer is an international packaging group with more than 120 manufacturing units in 35 countries, annual sales of FL3bn (£900m), and 15,000 employees.

CEI disposal to management buy-out

Cambridge Electronic Industries, the electronics group, is selling Cathodeon, its wholly-owned subsidiary, together with Cathodeon's 51 per cent interest in Cathodeon Sinclair (CSL), to Cathodeon Holdings, formed for the acquisition by a management buy-out team.

Consideration is $800,000 (£477,000) in cash and £234,000 plus the repayment in cash of loans made by Cambridge to Cathodeon of £1.27m.

In 1990 Cathodeon, which manufactures light sources for the analytical instrument market, made pre-tax profits of £29,000 on sales of £2.99m. CSL, which was formed in February 1990, makes hermetic enclosures and customised glass-to-metal seal packages. It incurred losses of £140,000 on sales of £466,000 for the period February to December 1990.

Earlier this month CEI announced a 5 per cent fall in interim profits to £5.08m (£5.33m) pre-tax and said it would cut gearing by making disposals.

Printech warns on second half

Printech International, the Dublin-based printing company, lifted first half pre-tax profit by I£30,000 to I£1.69m (£1.54m).

But Mr James Flavin, chairman, warned that profits in the second half would not match the I£1.6m achieved in 1990.

However, he remained confident of the medium and long-term outlook. The group was in a strong financial position to take advantage of development opportunities.

Sales reached I£10.1m (I£9.19m). Earnings per share were 5.1p (same) and there is a return to interim dividends with a payment of 0.8p.

Asset value down at Thai Prime Fund

The Thai Prime Fund, a Singapore-based company which invests in Thai securities for long term capital growth, had a net asset value per preferred share of $15.63 at June 30 compared with $23.01 a year earlier. By August 23 it had fallen to $14.31.

For the six months to end-June net losses amounted to $43,861 (£26,000) against $38,509, for losses per preferred share of 0.28 cents (0.25 cents).

Net assets up 25% at Cons Venture

The net asset value of Consolidated Venture Trust was 263.5p at July 31, an advance of some 25 per cent on the 211.5p of six months earlier.

Net revenue for the half year amounted to £115,000 against a comparable deficit of £102,000. Earnings per share emerged at 1.08p (losses of 0.957p). The trust does not declare interim dividends.

Exceptional charges depress DY Davies

After exceptional charges of £506,000, pre-tax losses at DY Davies increased to £576,000 by the end of the year to April 30 1991.

At the halfway mark this architect, surveyor and consulting engineer was showing a deficit of £289,000. For the previous full year profit was £1.46m.

Mr David Davies, chairman, said the exceptionals included redundancy payments as staff numbers were reduced by 42 per cent, losses on work and debtors because of clients going into receivership, or refusing payment, and legal costs associated with defending an action related to work carried out in 1986.

Another burden was interest charges, which rose to £386,000 (£262,000). Turnover fell to £10.3m (£13m).

Losses per share were 5.9p (earnings 15.9p). Mr Davies said there was unlikely to be any significant upturn until the second half of the current year, so the dividend is passed (5.7p total).

British Land property deals

British Land has paid £16.3m for a 106,000 sq ft freehold superstore at Burlesdon, near Southampton. The store is let to Tesco Stores on a 30 year lease with five yearly reviews.

British Land has also sold 79-93 Wigmore Street, London, a 36,000 sq ft freehold office building with shops, to Scottish Widows Fund and Life Assurance Society at its book value of £21m.

Courtaulds buys Flexitainers

Courtaulds has acquired Flexitainers, a manufacturer of plastic tubes for the cosmetics market, from Quoteplan for £9m free of debt.

Courtaulds said the acquisition of this Stevenage-based company was the key to developing a strong European business in all-plastic tubes for the cosmetics market.

The new business will amalgamate with Betts Tubes division of Courtaulds Packaging. It is complementary to the acquisition of Thatcher Tubes in the US in 1989.

In 1990-91 Flexitainers' sales were £7.1m.

BOARD MEETINGS

TODAY

Interims- ATA Selection, Aegon, Braime (TF & JH), Bredero Properties, Cairn Energy, Inch Kenneth Kajang, McAlpine (Alfred), Mersey Docks & Harbour, Wace.

Finals- Flextech, Primadona, Richmond Oil & Gas, TR European Growth Trust, Trio Inv Trust.

FUTURE DATES

Interims-	
Blue Circle Inds	Sep. 5
British Vita	Sep. 9
CRH	Sep. 4
Church	Aug. 30
Daniels (S)	Sep. 5
Estates & General	Sep. 12
Gaskell	Sep. 10
Ibstock Johnsen	Sep. 26
Instem	Sep. 4
JWD	Sep. 5
Jones (A)	Aug. 30
Lambert Howarth	Sep. 10
Llanead	Sep. 9
MTL Instruments	Sep. 12
Porvair	Sep. 5
RTZ	Sep. 12
Record Holdings	Sep. 3
Refuge	Sep. 12
Ropner	Sep. 3
Slough Estates	Aug. 29
Tesco	Sep. 17
Vinten	Sep. 5
Finals-	
Arcadian Intl	Sep. 9
Cantors	Sep. 10
Cook (DC)	Aug. 30
Haynes Publishing	Sep. 9
Heritage	Aug. 30
Pickwick	Sep. 3
SWP	Sep. 17
Sirdar	Sep. 12
Specialeyes	Sep. 5

HSBC Holdings plc

Incorporated in England with limited liability. Registered number 617987
Group Head Office: 1 Queen's Road Central, Hong Kong
Registered Office: 99 Bishopsgate, London, EC2P 2LA, United Kingdom

1991 Interim Results

The unaudited profit for the six months ended 30 June 1991 attributable to the shareholders of HSBC Holdings was HK$1,860 million (the attributable Group profit for the first six months of 1990 was HK$1,530 million), an increase of 21.6 per cent. The profit was arrived at after providing for taxation and after making transfers to inner reserves.

The Directors have declared an interim dividend of 54 cents per Ordinary Share, equivalent to a 3.8 per cent increase on the first interim dividend paid by The Hongkong and Shanghai Banking Corporation Limited ("HongkongBank") in 1990. The dividend will be payable on 1 October 1991 to shareholders who are registered as at the close of business on 13 September. The dividend will be payable in cash with a scrip alternative.

HongkongBank *6 months to 30 June 1990 (unaudited)*		HSBC Holdings plc *6 months to 30 June 1991 (unaudited)*		
HK$m		HK$m	£m	US$m
1,787	Total Group profit	2,189	173	282
(257)	Profit attributable to minorities	(329)	(26)	(42)
1,530	**Profit attributable to shareholders**	**1,860**	147	240
(837)	Interim dividend	(878)	(69)	(113)
HK cents		HK cents	GB pence	US cents
95.46 *(adjusted)*	**Earnings per share**	**114.70**	9.07	14.77
52.00 *(adjusted)*	**Dividend per share**	**54.00**	4.27	6.95
31 December 1990 (audited)		*30 June 1991 (unaudited)*		
HK$m		HK$m	£m	US$m
1,158,256	Total assets	1,161,224	91,868	149,546
53,502	Shareholders' funds	54,582	4,318	7,029

World economic growth continued to slow down during the first half of 1991. Several of the developed economies, including the United States, Canada, the United Kingdom and Australia, remained in recession. Asia performed more strongly than the rest of the world but a number of countries in the region were affected by lower commodity prices. The Hong Kong economy showed signs of improvement but inflation remained high.

Against this background most of the Group's Asian banking operations reported improved results, particularly in Hong Kong, where both HongkongBank and Hang Seng Bank achieved strong profit growth.

Marine Midland Bank reported a US$109.3 million net loss in the first half, largely as a result of real estate and commercial loan related credit quality expenses, reflecting continued weak economic conditions in the United States. Under its new President, who was seconded from HongkongBank in June, Marine Midland is pressing ahead with measures designed to ensure a return to profit as soon as possible.

Hongkong Bank of Canada reported net income of C$25.8 million for the first six months of its financial year, an increase of 29 per cent. This encouraging result was underpinned by the continuing expansion of its business and the successful absorption of Lloyds Bank Canada.

In Australia, where the economy remained weak, real property values and corporate earnings continued to decline. Although HongkongBank of Australia reported an improved working profit some additional provisioning, and the burden of funding the non-performing loan book, resulted in an after-tax loss for the half year. This loss, however, was considerably less than in the same period in 1990.

Results for operations in the United Kingdom improved with HongkongBank recording a satisfactory profit after the loss reported in 1990. The British Bank of the Middle East and its associate, The Saudi British Bank, continued to turn in good performances despite the difficult trading conditions in the early part of the year.

The Group's capital markets businesses performed well during the first half. The results of Wardley, the Group's merchant banking arm, showed an encouraging improvement compared to the same period last year, as did those of the CM&M Group, which returned to profit. Despite a slow start to the year and relatively dull markets during the second quarter the James Capel Group's financial performance was encouraging and it returned to profit. Its position as a leading international broker was sustained, and James Capel was able to increase its market share in most markets.

The Scheme of Arrangement by which HongkongBank became a wholly-owned subsidiary of HSBC Holdings became effective on 2 April and dealings in the shares of HSBC Holdings on The Stock Exchange of Hong Kong Limited and The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited commenced on 8 April. As envisaged in the Scheme of Arrangement Document sent to shareholders on 1 February 1991, the Boards of HongkongBank and of the Company have approved the transfer of various HongkongBank subsidiary and associated companies to the Company. The principal operating companies involved include Marine Midland Bank, Hongkong Bank of Canada, Carroll McEntee & McGinley, The British Bank of the Middle East and James Capel & Co.

The world economic and political outlook for the second half of 1991 is uncertain, but some positive signs have emerged and there are indications that a broader economic recovery could take place towards the year end. Against this background, your Directors expect to be able to recommend a final dividend of not less than 106 cents per share, equivalent to a 1.9 per cent increase in the dividend paid by HongkongBank in 1990.

Closing of the Register of Shareholders in Hong Kong
The Overseas Branch Register of Shareholders in Hong Kong will be closed from **16 September to 20 September 1991** (both dates inclusive). Any person who has acquired shares but who has not lodged the share transfer with the Registrars should do so before 4.00 pm on 13 September 1991 in order to receive the dividend.

Share Interests
At 30 June 1991 Directors and their associates had the following beneficial interests in the Ordinary Shares of HSBC Holdings.

J R H Bond	15,309	N R Knox	7,562	W Purves	29,896	J J Swaine	237
D E Connolly	167,672	H C Lee	17,286	N M S Rich	3,630	G A Thompson	26,152
F R Frame	22,513	K S Li	509,626	H Sohmen	416,890	P J Wrangham	35,092
J M Gray	15,092	D P H Liao	16,075	J E Strickland	24,455		
J E Hotung	*10,229*	C W Newton	2,114				

H C Lee also had a beneficial interest in 16,200 Ordinary Shares of Hang Seng Bank Limited.

As Directors of Marine Midland Bank, N.A., J R H Bond, J M Gray, N R Knox and W Purves each had a beneficial interest in 10 shares of common stock of that Company.

To the best of the knowledge of the Directors, no person has a beneficial interest in more than one per cent of the issued share capital of HSBC Holdings.

During the six months to 30 June 1991 no Ordinary Shares in HSBC Holdings were purchased, sold or redeemed by HSBC Holdings or any of its subsidiary companies.

By Order of the Board
R G Barber
Secretary

Hong Kong, 27 August 1991

Copies of the Interim Report will be sent to shareholders and may be obtained from Group Public Affairs, 1 Queen's Road Central, Hong Kong or 99 Bishopsgate, London EC2P 2LA, United Kingdom.

The information in this announcement does not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. The statutory accounts for the year ended 31 December 1990, which contained an unqualified auditors report and did not contain a statement under section 237(2) or (3) of the Act, have been delivered to the Registrar of Companies in England and Wales.

UK COMPANY NEWS

Downward pressure on rent levels as new office space increases

Wates declines by 9% to £4.57m

By Roland Rudd

WATES CITY of London, the only UK property company to hold all its assets in the City of London, yesterday announced an effective 9 per cent decline in taxable profits for the six months to June 30.

It reported pre-tax profits of £4.57m, compared with £5.02m last time; but the previous period also took in exceptional credits of £6.02m.

Mr John Nettleton, finance director, warned that the rental sector was proving hard work and was generally depressed. He said the current recession was proving both deeper and of longer duration that was generally forecast.

The amount of office space leased to the City has fallen over the first six months of the year, in comparison with the last six months of 1990.

Mr Nettleton does not expect that to improve in the near future. He added that since the supply of new office space has increased during the year, as buildings started in 1989 reach completion, there is downward pressure on rent levels.

The only good news to offset the bad was "the first glimmer" that the buying and selling of investment properties was beginning to pick up.

Last year's exceptional credits reflected the disposal of interests of three properties.

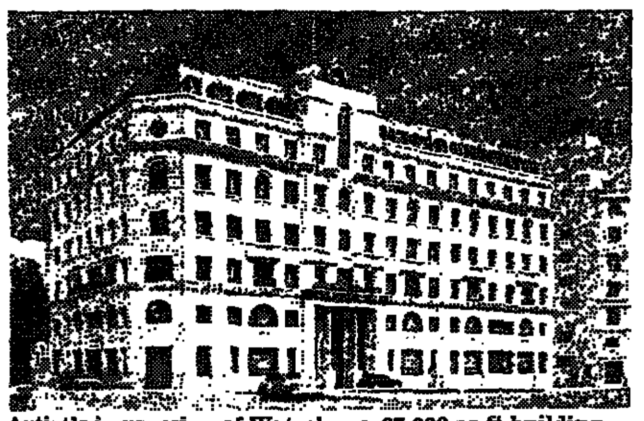
Mr Nettleton said that without that exceptional item, this year's interim profits would have remained static had it not been for the company's decision to take back leases in Winchester House for redevelopment.

Gearing is running at between 20 and 25 per cent. Wates said it has debt of £63m compared with assets of £305m, although most analysts are forecasting lower assets for the year end.

In March the company announced a 17 per cent fall, from 300.2p to 250.2p, in net asset value for 1990.

Earnings per share were 2.36p (8.58p) and the interim dividend is held at 0.77p.

See Lex



Artist's impression of Wates' new 67,000 sq ft building at corner of Cheapside and Queen Street in London.

Douglas shares jump on bid approach

By Andrew Taylor, Construction Correspondent

THE SHARE price of Robert M Douglas, the Midlands-based construction company, yesterday jumped 57p to 518p after the company announced it had received a possible bid approach.

Continental European companies which are known to have been looking to break into the UK construction market are among possible candidates which might attempt to buy Douglas outright, or take a strategic stake in it.

French and German construction groups, particularly, have been active in making cross border acquisitions deals ahead of the lowering of trade barriers between European Community countries at the end of 1992.

This does not rule out an approach by a British company – although the deep recession in the UK construction industry has meant that few companies have cash to spare at the moment.

Members of the Douglas family between them own about 44 per cent of the shares. The biggest single shareholder is Govett Strategic Investment Trust with 19.7 per cent.

Douglas generates three quarters of its turnover from contracting and has a strong construction equipment division. It has only a small exposure to residential and commercial property development which have been the two worst affected sectors during the construction recession.

As a result pre-tax profits fell by only 11 per cent, from £12.4m to £11.1m during the 12 months to end-March. Sales rose from £326m to £339m. Net cash was £6m.

ICI plans to launch heart drug in Japan

By Charles Leadbeater, Industrial Editor

ICI, the British chemicals and pharmaceuticals group, yesterday announced plans to launch its Zestril heart drug in Japan, the second largest market in the world for cardiovascular drugs.

ICI said worldwide sales of the drug, boosted by its introduction in Japan, would this year exceed £200m making it one of the world's fastest-growing heart treatment drugs.

The company said it had won technical and pricing approval from the Japanese authorities to market Zestril for the treatment of high blood pressure. In addition, the product is also being launched in Japan by Shionogi, a leading Japanese drug group under a different brand name.

Zestril has been marketed outside Japan in collaboration with Merck Sharp and Dohme, the world's largest pharmaceutical company.

The Japanese launch of Zestril will help the revenues of ICI Pharmaceuticals over the next year as the group attempts to recover from a steep fall in profits brought on by the worldwide downturn in the chemicals industry.

The anti-cancer drug Zoladex and the anaesthetic Diprivan are also in the process of international launches.

Mr Mike Carter, international marketing director for ICI Pharmaceuticals, said of the Zestril launch: "This is a major step in broadening the cardiovascular portfolio of ICI Pharma Japan and for ICI Pharmaceuticals as a whole it provides a further strengthening of its worldwide position in prescription medicines."

Oceana gets 33.6% of Etam

By Peggy Hollinger

THE BATTLE for Etam came to a close yesterday with South African-controlled Oceana Investment Corporation winning a minority 33.6 per cent stake in the UK fashion retailer.

Mr Keith Miles, Etam's finance director, said the result was a vote of confidence from institutional shareholders in the company and its strategy. "We think they [Oceana] should respect that."

Oceana, which launched a hostile £121m bid for Etam in June, said it either held or had received acceptances in respect of 21.95m shares. "Clearly we are disappointed not to have achieved more," said Mr David Hudson of Campbell Lutyens Hudson, Oceana's merchant bank.

He said the offer, at 185p per share, had been hit by a turnround in sentiment regarding the UK retailing sector.

Oceana has no plans for its Etam stake at the moment, Mr Hudson said. "We will have to see whether and how the two companies co-operate."

The proceeds of a £45m placing originally raised to fund the Etam offer, will be used to finance further investments.

Oceana's failure to gain control of Etam could result in its delisting from the London Stock Exchange.

Exchange officials warned that it could not be classified as a holding company unless it won control of a business.

Oceana wrote to the Exchange yesterday setting out its position. A decision is expected today.

Invergordon warned by Panel over claim

The Takeover Panel yesterday cautioned Invergordon Distillers Group, the Scotch whisky company fighting off a £286m hostile bid from Whyte & Mackay, over its statement of support from shareholders.

Invergordon recently said it had received expressions of institutional support for its decision to reject the bid from Whyte & Mackay, the UK drinks subsidiary of American Brands.

However, the Panel warned Invergordon not to make statements about the level of support from its shareholders unless their up-to-date intentions had been clearly stated.

Invergordon accepted the Panel's ruling and withdrew its remarks concerning institutional support.

TSB Bank Channel Islands chief retires

Mr George Thain is retiring as chief executive of TSB Bank Channel Islands, the Jersey-based bank.

TSB Group, which owns 51 per cent of the bank, said it regretted the departure of Mr Thain, who is 52, and that the decision to go was his alone.

In the six months to April 30 the bank incurred a loss of £483,000, after a £5.6m provision for "irregularities" in its foreign exchange department. The irregularities are being investigated by the police.

Unenthusiastic reception to Alan Paul's £5m rights issue

By Jane Fuller

ONLY 15.3 per cent of the £5.3m rights issue by Alan Paul was taken up by existing shareholders.

The market price of the USM-quoted hairdressing group fell just below the rights issue price of 88p last week, less than seven times 1990-91 earnings. It compared with a high for the year of 142p and an opening level of 106p on July 10 when the 1-for-3 issue was announced.

Beeson Gregory, brokers to the issue, said it was fully underwritten, mainly by existing shareholders. Directors, who held about 16 per cent of the equity, took up very little of their rights.

The call came less than 15 months after a large share issue to buy Essanelle, which has hair and beauty salons in the UK and Germany, and reduce debt. That included a placing at 130p.

This time, reduction of nearly £8m net debt was an important reason for the issue.

The debt discomfort, proximity to the previous big issue and the small-company image problem were all cited as reasons for damping the stock's appeal. Analysts were also worried about the loss-making Body & Face Place operation and expressed a lack of faith in the growth prospects for hairdressing, or at least difficulty in knowing how to rate a hairdressing group.

Mr Michael Rowland, Alan Paul's managing director, said hairdressing was a growth business. Last year, helped by the Essanelle acquisition, that side of the business increased pre-tax profit from £733,000 to £4.2m.

He said it was unfortunate that the issue had closely followed the exit from the stock, at a large profit, of Business Expansion Scheme holders who had held about 20 per cent of the equity. Those disposals had started the price slide.

Body & Face Place should break even this year.

The group, which floated on the USM at 140p per share in May 1989, is planning to join the main market this autumn.

Dewhirst advances to £0.85m

By Alice Rawsthorn

DEWHIRST GROUP, the clothing and toiletries company, yesterday announced an increase in interim pre-tax profits from £772,000 to £851,000.

However, the £240,000 cost of its unsuccessful bid for Kingsgrange, the toiletries concern, was expressed as an extraordinary item, compared with a credit of £140,000, leaving retained profits lower at £306,000 (£647,000).

The taxable increase at this Marks and Spencer supplier comes after two successive years of falling profits. Like other clothing companies, it has been badly affected by the impact of the recession.

During the six months to July 19 its problems were aggravated by the effect of the increase in the rate of value added tax from 15 per cent to 17.5 per cent, putting pressure on margins.

Costs were cut last year by shedding staff and reducing manufacturing capacity. The workforce fell to 4,500 by the end of the first half from 5,000 a year earlier.

Group turnover rose to £54.8m (£52.9m). The pre-tax figure was struck after lower interest costs of £306,000 (£316,000); there was no contribution from associates this time, against £86,000.

Earnings per share rose to 0.59p (0.55p). The interim dividend is unchanged at 0.29p. The shares rose modestly by ¾p to 27¼p on yesterday's announcement.

Dewhirst said trading conditions were still difficult but it hoped to continue the increase in sales and profits during the second half. However, it did not anticipate a significant upturn until next year.

North Sea business helps Fairhaven and Fife Indmar

By Peggy Hollinger

INCREASING opportunities in the North Sea helped boost pre-tax profits by 43 per cent at Fairhaven International, the oil, gas and petrochemical construction company, and push up the return at Fife Indmar, the light engineering group, by about 3 per cent.

Fairhaven, which is involved in the hook up, maintenance and modification of oil rigs, reported profits up from $5.61m to $8m (£4.77m) in the six months to June 30 on turnover slightly ahead at $138m ($137m). The comparative profit included a $1.6m exceptional gain on the sale of an oil tanker business.

Mr James Davidson, chairman, said the extended life of platforms installed in the 1970s had held up work levels, while safety work following the Piper Alpha explosion in 1988 continued to help profits.

Fairhaven reported an order book of more than $500m. This included two contracts – one for £8m and another worth £18m-20m a year until 1994 – announced on Friday.

Earnings per share rose from 1.7 cents to 2.1 cents. Gearing is about 40 per cent.

Fairhaven, is a US company which operates mainly in the UK. It is due to graduate from the USM to a full London listing next week.

Meanwhile, Fife Indmar announced profits of £845,000, compared to £822,000, for the six months to June 30.

Mr Gavin Hepburn, chairman, said a buoyant North Sea sector had helped the group to achieve results "broadly in line with expectations". About 20 per cent of turnover, which rose from £15.8m to £16.7m, is derived from the North Sea.

Interest charges rose by 24 per cent to £345,000 as borrowings increased to fund acquisitions. Mr Hepburn expected gearing to be about 70 per cent by the year-end.

The group's best performances came from distribution and products, covering catering equipment and ironmongery. The engineering components business, however, was "a little behind," said Mr Hepburn.

Earnings rose to 5.38p (5.23p) and the interim dividend is maintained at 1p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Davies (DY) § ....fin	nil	-	3.9	nil	5.7
Dewhirst ....int	0.29	Nov 15	0.29	-	0.64
Fife Indmar ....int	1	Oct 7	1	-	4.9
Printech Intl ....int	0.8♣	Oct 7	nil	-	2
River/Merc Small ....fin	2.5‡	Oct 30	-	3.75	-
Wates City Props ....int	0.77	Oct 30	0.77	-	3.73
Woodchester Invs ....int	1.51♣†	-	1.26	-	3.125

Dividends shown pence per share net except where otherwise stated. †On capital increased by rights and/or acquisition issues. §USM stock. ♣Irish currency. ‡Excludes special of 0.37p.

Woodchester improves 38% to I£18m

WOODCHESTER Investments, the Dublin-based leasing company, which is 45 per cent owned by Credit Lyonnais, the French bank, pushed up its pre-tax profits by 38 per cent from I£13.1m to I£18m (£16.4m) in the six months to June 30.

About a third of Woodchester's business is in the UK and the figures were in stark contrast to the poor performances of most British finance companies. Mr Craig McKinney, chairman, said there was good growth from car finance in the Irish Republic.

However he added that about I£3.7m of the progress was due to interest earned on the I£100m cash injected at the end of January by Credit Lyonnais.

Woodchester also announced the sale of a 90 per cent interest in Pinnacle Insurance, the composite insurer, for £6.9m to Cardif, France's fourth largest privately-owned life insurer.

Pinnacle, based in London's Docklands, specialises in creditor insurance, such as mortgage, loan and credit card protection, insuring borrowers against their own default.

Mr McKinney said the I£4.5m surplus on the disposal was not included in profits and had been transferred directly to reserves, to cover future losses on the loan portfolio.

Gross rentals were I£197m (I£167m). Earnings per share came out at 7.7p (7.01p) and the interim dividend is increased by 20 per cent to 1.51p (1.26p).

Analysts are forecasting full year profits of IR43m before tax, up from IR£30m.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 28.08.91: Pool purchase price £/MWh	Final Prices for Trading on 31.07.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.69	15.84	15.84
0100	15.69	15.51	15.51
0130	15.61	15.51	15.51
0200	15.58	15.51	15.51
0230	15.56	15.51	15.51
0300	15.55	15.51	15.61
0330	15.55	15.51	15.51
0400	15.50	15.51	15.51
0430	15.55	15.51	15.51
0500	15.58	15.51	15.51
0530	15.61	15.49	15.49
0600	15.66	15.51	15.51
0630	15.95	15.62	15.62
0700	15.67	20.51	23.78
0730	17.57	20.51	23.78
0800	18.64	17.20	20.37
0830	18.74	18.32	21.62
0900	22.77	18.32	21.61
0930	22.99	21.15	24.37
1000	23.09	22.34	25.53
1030	23.10	22.34	25.59
1100	23.10	20.94	24.19
1130	23.22	20.94	24.18
1200	24.60	22.34	25.60
1230	24.69	22.34	25.59
1300	24.46	22.34	25.60
1330	22.71	20.94	24.20
1400	22.92	20.94	24.20
1430	22.62	20.94	24.18
1500	26.33	20.94	24.18
1530	26.34	20.94	24.19
1600	24.18	20.94	24.17
1630	24.25	20.94	24.12
1700	26.47	20.94	24.14
1730	26.41	20.94	24.16
1800	22.61	18.32	21.61
1830	20.24	18.32	21.52
1900	30.23	17.42	20.59
1930	18.36	17.42	20.59
2000	18.11	17.42	20.60
2030	18.69	15.90	15.90
2100	25.23	15.90	15.90
2130	25.23	17.42	20.60
2200	25.23	17.42	20.59
2230	18.27	17.42	20.58
2300	17.65	17.42	20.59
2330	17.65	17.42	20.59
2400	17.57	17.42	20.69

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

MANAGEMENT

Employment practices in the public sector

Reality follows behind rhetoric

Michael Smith reports on the impact of compulsory competitive tendering on councils' blue-collar workers

It was raining hard and refuse collector Fred Cork and his colleagues reckoned they had already put in a full day's work; they decided to return the next day for the last street on their round. Previously they could have done so without penalty; this time they paid the price.

Islington council had recently introduced a guarantee for residents that their refuse would be collected on a specific day. When a resident complained about Cork and his colleagues' non-appearance, the "man in the grey suit", as they call the council's refuse inspector, sent around another crew on overtime rates.

The result was that Cork's team each lost a day's bonus payment, worth about £15 each that day, for the first time in his 37 years as a refuse collector. They did not like the decision, especially as they are collecting three container loads of refuse a day, rather than the two which was standard until recently. But they accepted it.

The incident illustrates a growing change in culture which managers are effecting among Britain's council workers. During the past few years the impact of compulsory competitive tendering – and a move by local authorities to improve efficiency and the services they offer – has had a significant impact on the amount of work employees are required to take on and the way they earn their money.

Blue-collar workers like Cork have been hardest hit by the changes, both in terms of job security and in their pay packets. In the six years to 1991 the number of them employed directly by councils fell from 631,000 to 539,000, with some of the difference accounted for by the contracting out of services to the private sector. Meanwhile white-collar staff have increased their strength from 654,000 to 760,000.

In the same period, manual workers have seen their average earnings rise by 60 per cent while those of the white-collar group has risen by 63 per cent, according to the Local Government Management Board. In addition, the administrative, professional, technical and clerical staff have been more successful than blue-collar workers in resisting changes to national pay agreements.

It is true that about 30 of the UK's 500 councils have broken away from the national white-collar agreement in the past two years – partly because of what they see as excessive rigidity. However, many were influenced by labour market pressures and have since agreed deals which pay more than collective bargaining would have delivered.

Virtually all councils remain in the more flexible blue-collar national agreement; it allows for local negotiation on bonus payments, which make up a large part of pay, and varied working hours. Attempts by the employers to introduce similar flexibility into the white-collar national deal two years ago were fended off by a series of strikes led by Nalgo, the public service union.

The varying fortunes of the two groups is explained in part by the increasing workload that the government has put on to white-collar workers, through such measures as the introduction of the community charge. This has increased their confidence in bargaining.

But the main explanation is quite simply that compulsory competitive tendering (CCT), the process by which councils are required to compete with private contractors for the right to operate services, has so far been directed at areas, like building services, refuse collection and parks maintenance, where blue-collar workers predominate.

"CCT was not an issue the manual workers could easily fight," says one council personnel officer. "It faced them with a choice of accepting an erosion of their pay and conditions, or losing their jobs. Most chose the latter." The extent of changes varies widely but examples in Dartford and Nottingham provide a flavour:

● In Nottingham's city contract works, 200 ground maintenance workers this summer accepted a package which managers say will cut their earnings, reduce their holiday entitlement and require them to work variable hours depending on the season.

Their minds were concentrated by a loss of jobs following the loss of a contract this year to the private sector. Under the new payments system, a "bonus" system which invariably resulted in the maximum amount being paid every week has been scrapped. Although basic earnings have been increased they do not compensate fully.

The Nottingham workers have also lost four days' holiday a year (those associated with bank holidays) and they will be required to vary their working patterns by putting in a four-day 32-hour week in winter and a five-day 45-hour week in summer. Annualised hours are increasingly common among UK councils' ground maintenance staff; managements see the system as a means to cutting overtime in high season and reducing unnecessary work in winter.

● Managers at Dartforce, the direct labour organisation arm of Dartford council, have recently told their 200 employees that, on top of the efficiencies they have made in recent years, they will have to accept a significant reduction in sick pay and holiday entitlement if they are to retain contracts.

"We have to look at the way that private sector companies are doing it," says Jim Patterson, managing director. "The recession means that, particularly in building services, companies are competing for tenders they would previously have ignored. We have to respond quickly or we will lose the tenders and the jobs. I think there is a fair sense of realism among the workers about the problems."

Under the national agreement, council employees are entitled to full pay for the first six months of sickness and another six months on half earnings; Patterson wants full pay to apply to just the first four weeks, then 10 weeks on three-quarter pay followed by half-pay. The maximum amount of holiday leave will be lowered from 28 to 25 days.

If UK councils' manual workers have borne the brunt of CCT, white-collar workers have by no means been immune to changes in the way they work; in some cases they welcome it.

Bob Chilton, director of local government studies at the Audit Commission – a monitoring body which is often critical of council practice – says there are very few councils not talking about such issues as customer care and quality of service.

"The reality is following behind the rhetoric but there has in most cases been a change in attitude towards consumers. Councils are training their staff to be more informative and more responsive."

Dennis Reed, national officer for Nalgo, says his members are fully behind initiatives to improve the quality of services, although they are determined that changes be negotiated rather than imposed.


Ashley Ashwood

Fred Cork: cheerful despite losing a day's bonus and collecting an increase in container-loads

However, the union opposes the performance-related pay systems which some councils have introduced as a means of improving their workforce's effectiveness. Reed says performance pay is divisive and challenges the ethos of team work.

His union also opposes it because targets set under the system "tend to be measured in volume rather than quality. It takes no account of the caring professions".

Performance pay is a common feature of the pay systems introduced by the 20 councils which have broken away from the white-collar national pay agreement. Employer negotiators in the national agreement failed two years ago to push through plans which would have linked pay progression to "satisfactory service".

None the less, according to a report by the LGMB Board last year 40 per cent of local authorities had performance pay schemes in place. Many applied to senior grades only but in about a quarter of cases performance schemes had been extended to all grades of non-manual employees.

Even then the trend was growing and it would be given further impetus if the Conservative government is re-elected and pushes through its plans for a citizen's charter in which performance pay is stressed.

The government's plans for pushing CCT into white-collar areas like legal services, architecture and finance departments present a more significant threat. Reed says it is doubtful whether the effect would be as great as it has been on manual workers because council lawyers, architects and other white-collar workers are traditionally less well paid than their colleagues in the private sector.

None the less, employers believe the experience of the manual workers suggests that CCT would have a potent effect on white-collar workers' pay expectations and their resistance to change.

This article concludes the series; earlier articles were published on July 26, August 9 and August 23.

Throwing out business with the dirty laundry

Alison Maitland reports from France, a country which 'deserts the commercial battle for over a month in the summer'

When French business closes down for the traditional summer break, there is one type of shop that always stays open. The *pâtisserie* is far too crucial to everyday life to abandon its customers.

In order to allow staff to take their entitled holidays, the *pâtisseries* of Paris have reached an *entente cordiale* in each locality whereby one stays open throughout July and another throughout August.

The few Parisians still at home may grumble about having to walk the extra hundred yards, but at least they are not deprived of their *baguette* or their Sunday *tarte aux fruits.*

The same cannot be said of all small businesses. One colleague who was leaving Paris in August and had packed away the washing machine was unable to find a cleaner open anywhere and had to take two weeks' laundry to his new posting.

For small traders, it all depends on whether they can make money in the holiday season. A newspaper and postcard vendor opposite the Louvre estimates that sales increase by 25 per cent during the summer months, with foreign tourists accounting for 80 per cent of his customers. The stall stays open throughout the year, from early morning to 9pm.

According to an internal document produced by the Patronat employers' organisation, only about 17 per cent of food shops, 8 per cent of other stores, and 3 per cent of services close during July and August.

On the other hand, just over 40 per cent of French companies shut down 80 per cent or more of their operations in the two peak months, notably in such industries as clothing, wood products and metals. French industrial production plummets by nearly 30 per cent and exports by 23 per cent month-on-month from July to August.

"Our country deserts the commercial battle in foreign markets for more than a month," laments the Patronat.

Peugeot, the car manufacturer, says it would produce about 80,000 more cars a year if it was not for the August shutdown. Nearly 90 per cent of its 40,500-strong French workforce is away for those four weeks, as well as half the 15,500 administrative staff.

The month is not entirely wasted, however, as maintenance workers go into the plants to repair and repaint and to install new machinery.

But what if there is a crisis when all the managers and directors are away on the beach?

Big companies retain a skeleton staff at headquarters, with holiday phone and fax numbers at their fingertips.

Usually business activity is extremely limited in August, although occasionally there may be a sneak takeover.

The political scene is often quiet in August too. However, Edith Cresson, the new prime minister, who has sparked a series of controversies over her remarks about immigrants and the work habits of the Japanese, is taking just one week's holiday instead of the normal two this August.

If ministers are working harder than usual this summer, there are others trying to profit from the August lull in the capital for altogether different purposes. These are the middle-aged men who leave their wives and families on the beach and return ostensibly to work, but with amorous pursuits in mind. They can be identified by the faint white marks left where they have taken off their wedding rings, and are often to be spotted in the frozen food section of supermarkets, not being the most expert of cooks.

According to a survey published in *Paris-Match*, French men would most like to have holiday affairs with young tourists who speak no French, chambermaids and night-club waitresses, while women have an eye on sail-board instructors, beach-guards, barmen and disc jockeys.

BUSINESS AND THE ENVIRONMENT

PO trials of 'green' juggernaut

WHEN A company's road fleet comprises 28,500 vehicles and travels the equivalent of 17 times around the world each year, its impact on the environment is substantial.

Environmentalists will therefore be cheered by the news that the Royal Mail is considering how it can make its enormous fleet more environmentally-friendly.

The Royal Mail, the letters business of the Post Office, is road-testing a 17-tonne diesel truck fitted out with "green" features.

The "green" vehicle – developed by the Royal Mail and Leyland Daf, the UK subsidiary of Daf truck company – will create less noise and air pollution and use less energy than present vehicles.

It has aerodynamic bodywork which could save up to 20 per cent on fuel; a particulate separator (soot trap) to cut out black exhaust smoke; a road-speed limiter to conserve fuel; a low noise level engine and

'We must work hard to make the world a cleaner place'

especially silenced anti-lock air brakes; air suspension and low profile tyres to minimise road noise; and asbestos-free brakes and clutch lining.

The Royal Mail says the best features of the test vehicle are likely to be included in the specifications for all new Royal Mail vehicles. Most of the fleet already uses diesel petrol.

Mr Ray Bayfield, Royal Mail head of transport, says his company's fleet – one of the largest in the UK – travels 460m miles a year. "With a fleet that size, it is important that we do what we can to make the world a cleaner place."

The "green" vehicle costs 8 per cent more than its existing counterpart, but the Royal Mail expects energy savings to reduce or eliminate the difference. A second 17-tonne test vehicle with an even lower noise level of 80 decibels is in production, along with a "green" 38-tonne lorry.

Hilary de Boerr

Deborah Hargreaves on moves to clean UK waters

Sea polluters fail to stem the tide

A SIGN close to Thurlestone beach in South Devon champions the construction of a sewage treatment plant for the picturesque village, with the logo "Taking us from the 19th century into the 21st". This century's waste material has been pumped straight out into the bay through a short pipe easily identified against the white sands by its encrustation of seaweed.

Thurlestone is not typical of the UK's seaside resorts since the great bulk of our sewage – 315m gallons of it a day – continues to flow untreated into the sea. However, an increasing public outcry over the hygiene of the bathing water and tougher EC standards forced the government last year to declare a war on sewage at sea.

The UK has earmarked £1.4bn to clean up its bathing waters so that they comply with EC standards in the next 10 years. But last year, the government went a step further when it announced that all sewage must be treated before it is released. It has also declared that sea disposal of sewage sludge must stop in seven years' time.

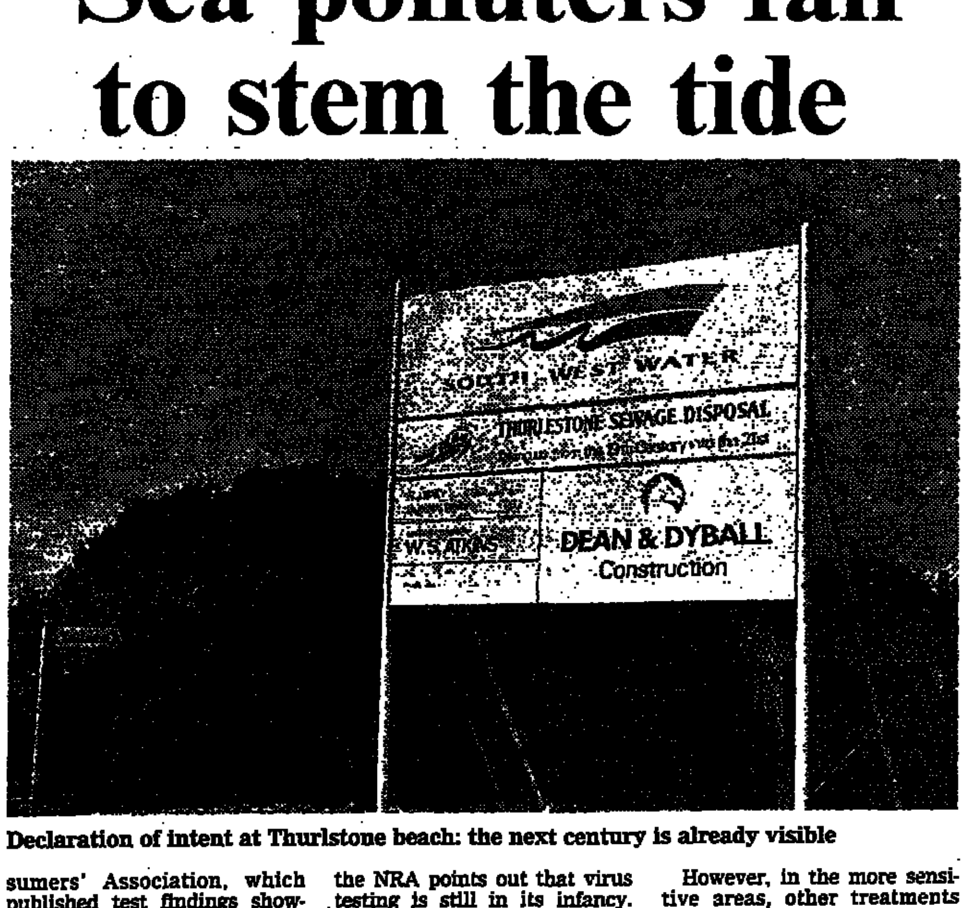
Water and sewage companies must now review their long-term plans, and where most had planned just to extend the "outfall" pipe sending sewage out to sea, they must now look seriously at methods of treating the waste matter. This can be done in a variety of ways, from disinfecting to filtering sewage through a series of membranes.

The National Rivers Authority, the UK pollution watchdog, is currently studying ways in which sewage can be cleaned. Earlier this month the authority published a report showing that the UK's beaches are getting cleaner, with 78 per cent of them complying with EC standards this year – up from 76 per cent last year.

But the regulatory body admits that part of the reason for this has been the dry, sunny weather for the last couple of years – beaches were tested at the beginning of this year's holiday season – which can help to dry up bacteria.

"Next year's tests will be very interesting after all the wet weather this summer, because then we will be able to see how much of the improvement has been due to the weather," says Dave Foster from the NRA, who deals with EC directives.

The NRA data was immediately countered by the Consumers' Association, which published test findings showing that many of the country's most popular bathing beaches are contaminated by viruses causing stomach upsets, sore throats and even meningitis, particularly amongst children.



Declaration of intent at Thurlstone beach: the next century is already visible

Jan Pentreath, NRA chief scientist, points to the public confusion surrounding bathing water standards, particularly how they are assessed and who is responsible for them. He says the NRA report is an attempt to clarify the issue.

Pollution of the sea is an emotive issue and countless surveys have highlighted it as a top priority among the public. Last year, findings by the Department of the Environment showed that sewage contamination of beaches and bathing waters was second only to chemicals in the sea and rivers as the greatest environmental issue in the UK.

Holiday Which? the body that conducted the virus tests on beaches, found bacteria at more than 10 times the EC permitted levels at Blackpool. But the NRA points out that virus testing is still in its infancy. Procedures are lengthy and costly, which is why the government has relied on bacteriological tests that can point to the presence of viruses. The EC is drawing up guidelines for acceptable levels of viruses to be found in the sea, but these can vary widely from place to place in short periods of time, which makes testing for them so difficult.

"No one has yet established a safe level for viruses," said Foster, who with Jan Pentreath is co-author of the NRA report. "A zero finding can be arbitrary because often the bathing water is contaminated by seagulls and farm run-off."

Nevertheless, the NRA is currently conducting research into ways of treating bacteria and viruses in sewage. In the next four to five years, the pollution body will divide up the coastline into sensitive and less-sensitive areas. In the less-sensitive places, water authorities will be required to settle the sewage so that only sludge is deposited in the sea.

However, in the more sensitive areas, other treatments will be required such as the use of benign bacteria to break down dangerous viruses and, in some cases, disinfectant to neutralise bacteria and viruses.

ICI's newly established Watercare division has developed a disinfectant called Coastguard, which it claims can remove almost all viruses from sewage, although it does not break down the more solid material.

The company has been testing the disinfectant, which is based on the chlorine used in swimming pools, in conjunction with Wessex Water. It has treated the beach at Weston-super-Mare and the resort this year received one of the EC's Blue Flag awards – for beaches complying with EC standards which have a high level of beach management.

Paul Hodges, business manager at ICI Watercare, says the company offers a computer-controlled programme for administering the disinfectant which comes into contact with the sewage while it is in the outfall pipe. He also claims that the cost of applying the disinfectant can work out at only a few pounds per head of population each year.

"We are not aiming for 100 per cent improvement, but I think, even a 30 to 40 per cent clean-up is worth having."

The NRA says it has done a lot of research into disinfectants, but has reached no definitive conclusions. Foster points to the continued debate about the side-effects of chlorine, particularly on fish. "There is some evidence that it can form organo-chlorine compounds which could be toxic to marine life."

The pollution watchdog is also testing non-additive ways of dealing with the sewage, such as treating it with ultraviolet radiation, which can remove harmful substances.

Cross-flow micro-filtration is another method which, its manufacturers claim, can absorb almost all bacteria. This involves passing the sewage repeatedly over a membrane which absorbs much of the waste matter.

The NRA is testing two products trade-named Memcor and Exflow that pass the sewage over a porous membrane similar to drinking straws until the water is clean. These processes can prove more expensive than other treatments and must be combined with other biological processes to clean the sewage fully.

The NRA hopes to make public its findings on the treatments next year. They are also being tested by various water authorities. They plan to spend some £2.5bn on cleaning up the water over the next couple of years.

Some local authorities are putting extreme pressure on their water companies, since there are increasing signs that the public is becoming more discerning about the beaches it uses. Bournemouth built two sewage treatment plants in the early 1970s and is generally regarded as having one of the cleanest UK beaches – it is frequently approached by other authorities for advice. Beaches around Bournemouth were among the first in the country to institute a dog ban (in 1987) which is central to receiving an EC blue flag.

Other authorities, even in holiday locations, are still complacent about the cleanliness of their water. "I've been swimming in the sea here for years and have never had any adverse effects," said an official from Torbay council which has no blue flag.

Nissan unwraps its power pack

Electric car race gathers pace

Nissan Motor, the Japanese car company, has joined the list of vehicle makers to have developed prototype electric cars with possible commercial potential.

The centrepiece of Nissan's car is a lightweight, nickel-cadmium battery claimed to recharge in 15 minutes.

Nissan says this is about a quarter of the time needed for conventional systems, although few manufacturers would regard a one-hour recharge of conventional systems to be compatible with long battery life.

The potential demand for a practical and economic electric car is huge because the cars cause no local pollution. Nissan is sufficiently confident with its own progress in this area to suggest that the principal obstacle to popularising its car is the lack of a supporting infrastructure of recharging stations.

"If we could set up a network of recharging stations, then the problem of the cruising range could be solved," says Mr Toyokazu Ishida, manager of Nissan's corporate communications.

In Japan, this would also require legislative changes to authorise secondary vendors of electricity.

The capabilities of the car are certainly impressive. Battery weight has been cut roughly in half, compared with other similar cars, to 200 kilogrammes, and the cruising range extended to 250km at 40km per hour on one battery charge. The total weight of the car is 900kg.

For the truly impatient, the battery, which was developed jointly with Japan Storage Battery, can also be 40 per cent recharged in six minutes. The details of the battery operation are still a commercial secret.

With two passengers, the car can accelerate to 400 meters in 20 seconds, and reach a top a speed of 120km per hour. These specifications are not very different from small petrol-powered cars.

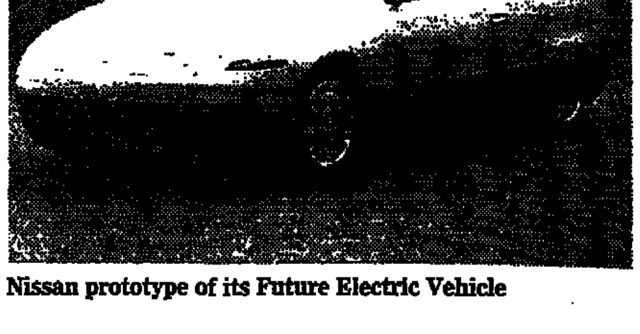
Nissan designed the vehicle, which it calls Future Electric Vehicle or FEV, from scratch with the aim of increasing useable interior space, reducing weight, and lowering driving resistance.

The floor of the vehicle is flat. It can accommodate four passengers and also has a boot.

Nissan has set up a research group with Tokyo Electric Power and Japan Storage Battery to study how to set up the infrastructure needed to popularise the cars.

In the meantime, it is continuing research that would make the battery still lighter and further increase the cruising range. It is also looking into producing limited runs of the cars for special uses – for example, at resorts or for hotels.

Stephen Butler, Tokyo



Nissan prototype of its Future Electric Vehicle

COMMODITIES AND AGRICULTURE

Nervousness about coffee retention scheme lifts prices

By David Blackwell

NERVOUSNESS about the prospect of coffee producers launching a retention scheme pushed coffee prices up yesterday in both the London and New York markets.

The November London robusta contract closed at £557 a tonne, a rise of £17, while just after midday the New York December arabica contract, which only last Tuesday hit a low of 81.40 cents a lb, was at 87.70 a lb.

"The market is being driven by fear that they may have misjudged the situation," one London trader said yesterday.

Traders and analysts remain mixed in their views about plans for the retention scheme, which emerged after a meeting of Latin American coffee producers in New York earlier this month. The principal motivator appears to be Colombia, the second biggest producer, which has now passed the baton to Brazil, the biggest producer.

The plan, which is outside the international coffee agreement, envisages retaining 10 per cent or more of exportable production. Financial details are not known, although some observers believe that foreign banks could provide as much as 50 per cent of the money needed.

Full details are expected to emerge next Monday when the presidents of Brazil and Colombia meet.

"The plan seems to have gained a lot of credence, " said Mr Lawrence Eagles, analyst with GNI, the London futures brokers.

There is a great deal of scepticism still about from critics who point to failure of the International Cocoa Organisation's buffer stock scheme. But Mr Eagles believes that the coffee market is in far better balance than the surplus plagued cocoa market.

Initial forecasts of a 22m bag (60kg) harvest for Brazil have grown into estimates of 27m to 29m bags. The upward revision is largely political, he believes. Both Brazil and other producers have overstated their crops this year because they fear for their position if the International Coffee Organisation begins to move back to an export quota system at its annual meeting next month, he said.

Critics believe that retention schemes are doomed to failure as eventually the retained coffee has to be put back on the market. "This also looks like being a voluntary scheme, and open to all kinds of abuses," one broker said. "I'm inclined to think it's all going to fall apart in the next few weeks."

"Something is cooking," said another London trader, although people still wish to see the plan confirmed. Meanwhile, no-one wants to go short. But, he added: "I've seen many retention schemes in the past and they have all failed."

Saudi Arabian oil boost reported

SAUDI ARABIA, the world's biggest oil exporter, has boosted crude output to build up overseas stocks because it expects higher winter demand and lower Soviet production, according to Gulf industry officials, reports Reuters from Manama, Bahrain.

Estimates for well-head output during most of August varied between 8.35m and 8.6m barrels a day, well above Saudi Arabia's third quarter Opec sales quota of 8.034m b/d.

But industry officials in the kingdom said most of the excess output was being put into domestic or overseas storage to replenish reserves, which fell sharply during first half 1991.

The failed coup in the Soviet Union, the world's biggest oil producer, increased Saudi Arabia's concern that it would be unable to respond to any shortage of oil on world markets, they said.

"They are pulling out all the stops – there is concern that there might be a shortfall in the winter and they are trying to stock up," one executive said. "They were very concerned by the Soviet coup because they were not in a position to intervene to maintain market harmony."

Saudi Arabia usually abides by its Opec quota but sometimes sells from its overseas stocks when prices rise to stabilise markets and maintain long-term demand for its oil.

Last week crude prices surged to the highest levels seen since the Gulf War on fears the Moscow coup would threaten already declining Soviet supplies.

● Kuwait's al-Ahmadi refinery, the emirate's biggest, resumed output yesterday for the first time since Iraq's invasion forced its closure more than a year ago, officials said, writes our foreign staff.

Initial output of 110,000 barrels a day is expected to allow the emirate to halt imports of almost all refined products, including petrol and power station fuel, by the end of this month. Kuwaiti officials put present domestic needs at around 130,000 b/d.

Output from Ahmadi is being processed by crude distillation unit number 4, the first of the three units to become fully operational. The refinery had a pre-invasion capacity of 370,000 b/d. The other two units were put out of action during the Gulf War and are scheduled to go on stream in June 1992.

Most of the damage to the refinery was inflicted by allied bombing on Iraqi positions within the large refinery south of Kuwait City.

Kuwait, which was a large-scale exporter of refined products before the invasion, is set to resume exports in December when the Mina al-Abdullah refinery goes back on stream with a daily capacity of 100,000 barrels.

Output from Mina al-Abdullah is expected to rise to 156,000 in January. Mina al-Abdullah had a pre-invasion capacity of 200,000 b/d.

Investors warned of 'platinum' fraudsters

By Kenneth Gooding, *Mining Correspondent*

FAKE PLATINUM bars are being offered by confidence tricksters, traders have been warned by Johnson Matthey, the world's largest platinum marketing organisation.

The bars, carrying a "Horseshoe" brand name and stamped with a copy of JM's verification stamp, would not fool any experienced trader because they were much lighter in weight and the metal much less dense than platinum, said Mr Alan Austin, JM's trading director, yesterday.

Nevertheless, "we wanted to warn professionals in the platinum market around the world so that they could protect their clients," he added.

Mr Austin said JM had no evidence that anybody had been tricked into buying the bars, offered at a big discount to the prevailing market price. But it was possible they were being used as part of a scheme to entice gullible people to part with their money in exchange for access to large quantities of platinum on which large profits could be made. Once the money was handed over the victim found the platinum did not exist.

Most of the schemes, which were variations of similar confidence tricks using gold or silver as the bait, seemed to originate in Indonesia. Mr Austin said that anyone contacted out of the blue about the possibility of buying large quantities of precious metal should remember that these metals were never traded at a discount to the market price.

He said that JM had been aware for some years that the platinum "scam" was being regularly attempted but the company only recently obtained one of the fake bars.

Pakistan expects bumper cotton crop

PAKISTAN IS likely to reap a bumper cotton crop of 11m bales (375 lb each), exceeding a target of 9.7m bales, the commerce ministry said, Reuter reports from Islamabad.

The official APP news agency said the ministry credited the higher production from the 1991-92 crop largely to "ideal climatic conditions," increase in crop area, higher yield and effective and timely pest control.

Pakistan, a major cotton exporter, got 9.6m bales from the 1990-91 crop, exceeding a government-set target of 9m bales. Its domestic needs are about 7m bales.

Linseed profits from out of the blue

Bridget Bloom explains the increased popularity of a colourful crop

MUCH OF Britain's farmland turned a subtle shade of blue earlier this summer, rivalling the bright yellow of oilseed rape. The crop responsible for those lilac blue fields alongside motorways or on distant hillsides, where harvesting is just beginning, is linseed, first cousin to the flax used by the ancient Egyptians for mummification.

Linseed cultivation has exploded in the UK: nearly 105,000 hectares (more than 250,000 acres) has been sown this year with the blue flowered oil seed, an astonishing 183 per cent increase on 1990 - itself a record year. Ten years ago, linseed was grown on only some 330 ha. So why the prodigious increase?

Agricultural experts point to a number of reasons for the crop's popularity: it is an ideal "break" crop to clean the land between successive sowings of wheat or barley; it is sown in spring and does not need heavy applications of fertiliser or pesticides; and it can be harvested using standard combining equipment.

But the key to the explosion in production is undoubtedly to be found in its profitability. Thanks to a generous EC subsidy, paid on the basis of the area sown rather than the amount produced, farmers are increasingly seeing linseed as the source of a risk-free income in otherwise troubled times.

Linseed – which differs from flax only in being bred for its seed not fibre – is a versatile crop. Its oil is a common ingredient in exterior house paint, stains and enamels and boiled linseed oil is used on wood, metal or concrete surfaces as a sealant.

Linseed oil is also a main component of linoleum while it

The EC's generous subsidy is paid on the basis of the area sown rather than the amount produced

is also used in other common products like lithographic printing inks and window putty. Linseed cake and meal, by-products of crushing the seed, are used for animal feed while the seed itself can be used in breakfast cereals and cakes.

But none of these uses has been expanding during the past 50 years, indeed demand dropped substantially with the advent of petro-chemical substitutes in the 1950s and 1960s. Linseed ouput has ranged between 2m and 3m tonnes, while farmers have been growing competitive animal feed crops like oilseed rape and soyabeans.

The National Grains Bureau of Canada – the world's largest exporter with just over 30 per cent of the market – believes demand for linseed is expanding, partly because it is seen as environmentally sound. However, the principal reason for the growth in EC plantings seems to be the European Commission's decision to encourage community production so as to reduce the need for imports to meet existing demand. Currently, the EC supplies only 15 per cent of its own linseed needs.

The UK, which produced some 68,000 tonnes of linseed last year, accounts for about 80 per cent of the community total. In the early 1980s the crop was grown only on a handful of East Anglian farms, mainly under contract to oil crushers. However, according to Mr Tony Bird, general manager of the Dalgety subsidiary, International Seed Producers, just over 1,000 farmers there grew it last year with another 1,000 or so scattered through the south-east, the south-west and even into Scotland.

Mr Bird says that while many farmers consider the crop difficult to grow, this is a legacy from the Second World War when the Ministry of Agriculture ordered its cultivation: new varieties and improved agronomic techniques make it no more difficult than most other crops, he says. He believes that the UK is ideally suited to the crop and that demand will be such that the UK linseed area could soon expand to more than 500,000 acres.

However, much will depend on what the EC does with its subsidy. Professor John Nix of Wye College in Kent notes that both the average market price and the subsidy, which is related to that price, have been volatile over the years. Prices were high in 1985, low in 1986 and 1987 and very high in 1988, because of drought in Canada.

However, according to Professor Nix's Farm Management Pocketbook, with a subsidy of £345 a hectare last year farmers would probably have found linseed more profitable to grow than either feed or malting barley, though not wheat. It may be a different tale this year with the subsidy fixed (because of lower world prices) at a markedly higher £578.02 a hectare.

What the implication of the explosion in linseed will be for the European Community's bloated agricultural budget remains to be seen. Ecu56m (£39m) has been allotted to subsidise the crop this year, compared with Ecu 38m last year. The sum is not large but other CAP budgets have been busted from such small beginnings.

Ghana to privatise diamond operations

By Kenneth Gooding

GHANA IS to privatise its diamond mining operations via a joint venture with Inco, the Canadian group, and Lazare Kaplan International, the New York-based diamond polishing and trading company.

The state-owned Ghana Consolidated Diamonds' operations in West Africa in the 1960s produced 2m carats of diamonds a year but annual production recently has been between 100,000 and 200,000 carats (one carat equals 200 milligrams).

However, United Nations-sponsored exploration has revealed more than 11m carats of proven and probable reserves at the deposit, located about 70 miles north-west of Accra, Ghana's capital.

This would be enough to support production of up to 1m carats a year, still fairly modest compared with the industry's giants: Australia (36m carats last year); Zaire (24m carats); and Botswana (17.3m).

Inco is the western world's biggest producer of nickel and the joint venture, if it went ahead, would provide an unusual diversification for the Canadian group. An Inco official said: "We haven't done anything like this before but we're constantly looking for interesting new things. We're the best rock busters around and it doesn't matter what's in the rock."

Lazare, a quoted company with the biggest diamond cutting and polishing facility in North America, said the deal would fit with its goal of being totally integrated in the diamond industry, right back to the recovery of diamonds from the ground.

Ghana is not a member of the rough (uncut) diamond cartel organised by De Beers of South Africa which controls 80 per cent of the market. If the joint venture is finalised, Lazare would sell Ghana's stones through its operations in Antwerp, Belgium.

Inco and Lazare, are at present involved in technical and financial feasibility studies, said final negotiations with the Ghanaian government should begin this year. They declined to say how much they expected to spend on the project.

Guyana secures gold project financing

By Canute James in Kingston, Jamacia

TWO CANADIAN mining companies and the Guyanese government have signed an agreement to invest US$170m to develop one of the largest gold mines in the Americas.

Cambior of Quebec will have a 60 per cent stake in the venture, with Golden Star Resources of Alberta holding 35 per cent and the Guyanese government 5 per cent.

The mine will be located in the Omai District of Essequibo province in Guyana and, according to Mr Louis Gignac, president of Cambior, will recover between 200,000 ounces and 250,000 ounces of gold a year.

Production is scheduled to start in early 1993. The mine's output will dramatically expand Guyana's gold production, which peaked at 140,000 ounces in 1894, but has declined since.

Over the past five years several foreign mining companies have been showing increased interest in the Guyanese industry, encouraged by new government incentives.

The government has consistently maintained that the gold industry could achieve and maintain production of 200,000 troy ounces a year. But up to last year the target appeared distant, although gold production reached 39,000 ounces, 21,712 ounces more than 1989.

Albania seeks help with chrome venture

By Kenneth Gooding

ALBANIA'S NEW government is well down the road towards a joint venture agreement with Samancor of South Africa covering the mining and upgrading of chrome ore.

The country already ranks about fourth among world chromite producers with an estimated output of 700,000 tonnes last year and chrome ore is Albania's largest mineral resource.

Now it is seeking money and some technical expertise from Samancor, the world's biggest producer of chromite and ferrochrome, to develop a deposit in the Kukes region, which contains an estimated 14m tonnes of chromite.

Samancor would also help to provide an enrichment plant for Albania to upgrade the ore into ferrochrome for export.

A six-strong technical team from Samancor, part of the General Union Mining Corporation (Gencor) group, arrived in Albania yesterday to make a survey of all Albania's chromite deposits. This is expected to take about one month, after which it is hoped that the Kukes joint venture will be signed.

Samancor's interest is the result of an initiative by Smith New Court, the London financial services group, and one of its directors, Mr Alexander Duma, a fluent Albanian speaker whose father was the last accredited Albanian diplomat to the UK.

Mr Duma said yesterday that Albania wanted a quick conclusion to the discussions with Samancor because, although the country had some of the highest-quality chrome ore in the world and well-developed plans for the Kukes region, it lacked resources to carry them out.

WORLD COMMODITIES PRICES

MARKET REPORT

Three-month nickel dipped to an eight-month low of $7,901 a tonne in early trading on the LME, but short-covering emerged in the afternoon and the market closed at $7,942.50, a fall of $145. Slow physical offtake and the prospect of a stocks increase put prices under early pressure. Sell-stops were triggered when three-month metal moved below $8,000. If producer support remains absent, the next target is $7,750-$7,600 a tonne, dealers said. Cash copper moved ahead on the tightness of September supplies. Fund buying in US futures and news that Chile lost 50,000 tonnes of production in the recent strikes helped to underpin prices. Further support came from news of a fire at Australia's 80,000 tonne-a-year Port Kembla smelter, expected to reduce output sharply for at least a month, dealers said. Three-month zinc closed just above a contract low of $1,038 a tonne. Traders said continuing slow consumer offtake and high stocks had blocked any significant rally recently, prompting dealer selling and liquidation. London freight futures closed off the highs on profit taking after the market soared in early trading on news that the US had agreed to allow the Soviet Union early use of $315m in farm credits which had originally been slated for October.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.85-6.95z	+0.30
Brent Blend (dated)	$20.00-0.15	+0.25
Brent Blend (Oct)	$20.10-0.15	+0.25
W.T.I. (1 pm est)	$21.95-2.00z	+0.20
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$242-244	-1
Gas Oil	$191-193	+2
Heavy Fuel Oil	$72-74	+1
Naphtha	$215-217	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$354.60	+0.75
Silver (per troy oz)♣	395.5c	+3.0
Platinum (per troy oz)	$333.75	-2.25
Palladium (per troy oz)	$90.90	+0.9
Copper (US Producer)	105c	
Lead (US Producer)	36c	-14
Tin (Kuala Lumpur market)	15.17r	-0.16
Tin (New York)	259.0c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	104.02p	-1.18*
Sheep (dead weight)†	121.80p	-7.38*
Pigs (live weight)†	86.25p	-0.04*
London daily sugar (raw)	$244.0q	+1.5
London daily sugar (white)	$299.0	-10.0
Tate and Lyle export price	£255.0	+2
Barley (English feed)	£109.75	
Maize (US No. 3 yellow)	£180	
Wheat (US Dark Northern)	£101.5	
Rubber (Oct)♥	53.25p	
Rubber (Nov)♥	53.75p	
Rubber (KL RSS No 1 Sep)	225.5r	
Coconut oil (Philippines)§	$455.0y	-7.5
Palm Oil (Malaysian)§	$325.0t	-5.0
Copra (Philippines)§	$290.0y	-2.5
Soyabeans (US)	£159	+2.5
Cotton "A" index	71.40c	-0.55
Wooltops (64s Super)	365p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Aug/Dec u-Sep x-Jul/Aug y-Aug/Sep z-Oct (-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Oct	202.60	199.00	204.00	201.00
Dec	190.00	154.80	194.00	193.00
Mar	185.00	183.80	187.00	184.60
May	186.40	185.60	186.80	186.20
Aug	190.40	186.80	188.00	
Oct	194.40	188.80	191.00	
White	**Close**	**Previous**	**High/Low**	
Oct	287.3	288.5	289.5	288.0
Dec	278.3	276.5	280.0	279.0
Mar	278.8	275.0	279.1	275.0
May	275.6	273.5	278.1	275.5
Aug	275.6	272.5	277.5	274.0
Oct	257.6	252.5	259.5	254.0
Dec	255.6			

Turnover: Raw 465 (637) lots of 50 tonnes. White 1062 (467)
Paris- White (FFr per tonne): Oct 1702, Dec 1665, Mar 1667

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Oct	20.10	19.98	20.15	20.00
Nov	20.14	19.98	20.20	20.01
Dec	20.10	19.98	20.20	20.01
IPE Index	19.83	19.67		

Turnover 20499 (21413)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low	
Sep	192.50	191.25	193.00	191.75
Oct	194.50	193.75	195.00	193.50
Nov	196.25	195.75	197.00	195.50
Dec	197.25	196.50	197.75	196.75
Jan	194.50	193.00	195.00	194.50
Feb	189.00	187.00	189.00	
Mar	182.25		182.25	
Apr	178.50		178.50	

Turnover 7623 (8948)lots of 100 tonnes

JUTE
C and F Dundee; BTC US$455, BWC US$455, BTD US$420, BWD US$415. C and F Antwerp; BTC US$430, BWC US$425, BTD US$405, BWD US$400.

COTTON
LIVERPOOL - Spot and shipment sales for the week ended 23 August amounted to nil tonnes, against 312 tonnes in the previous week. Trading was mainly at a low level, with sales in Pakistani,American and Israeli growths.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Sep	651	643	654	647
Dec	691	689	694	687
Mar	728	729	733	725
May	747	747	749	745
Jul	766	766	767	763
Sep	786	786	787	782
Dec	811	812	810	
Mar	836	837	835	
May	854	853	854	852

Turnover: 3721 (5848) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 23 855.57 (859.84) 10 day average for Aug 26 849.76 (848.66)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Sep	528	510	535	520
Nov	557	540	562	550
Jan	580	564	584	575
Mar	599	585	603	593

Turnover:12553 (12278) lots of 5 tonnes
ICO Indicator prices (US cents per pound) for Aug 27 : Comp. daily 64.77 (63.69) 15 day average 62.63 (62.59)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Nov	85.0		85.0	85.0
Apr	120.8	110.9	121.0	114.0

Turnover 434 (172) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Oct	134.00		134.00
Dec	138.00		138.00
Feb	143.00	140.20	143.00

Turnover 180 (6) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Aug	1532	1513	1535	
Sep	1655	1525	1670	1655
Oct	1731	1630	1745	1705
Jan	1734	1700	1745	1725
Apr	1733	1695	1740	1730
Jul	1490		1490	
BFI	1521	1675	1521	

Turnover 833 (409)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Sep	112.95	113.15	113.15	113.00
Nov	116.70	116.70	116.75	116.60
Jan	120.40	120.40	120.40	120.20
Mar	123.70	123.75	123.70	
May	126.45	126.45	126.45	
Barley	**Close**	**Previous**	**High/Low**	
Sep	109.45	109.40	109.45	109.40
Nov	113.30	113.40	113.45	113.35
Jan	116.90	116.95	116.90	

Turnover: Wheat 280 (564), Barley 56 (292).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low	
Oct	99.8	100.5	100.0	
Nov	103.5	103.5	103.5	103.0
Jan	102.0	102.0	102.0	

Turnover:25 (38) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	136.48	136.22			
Sep	136.40	137.30	136.60	136.40	65
Oct	137.50	138.00	137.50	137.00	65
Nov	138.60	138.30	138.60	138.00	60
Dec	138.80	138.70	138.80	138.40	60

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 16,763 lots
Cash	1252-4	1250-52		1246-7		
3 months	1283-4	1280-81	1284/1277	1277-8	1284-5	-
Copper, Grade A (£ per tonne)						Total daily turnover 22,057 lots
Cash	1343-4	1328-30	1347/1338	1337.5-8		
3 months	1351-2	1347-8	1354/1344	1348-9	1351-2	-
Lead (£ per tonne)						Total daily turnover 1,019 lots
Cash	318-9	317-8		317-7.25		
3 months	330-0.5	329-9.75	330.5/330.0	330.5-31.0	329-31	-
Nickel ($ per tonne)						Total daily turnover 2,741 lots
Cash	7890-95	8035-45	7895	7855-70		
3 months	7940-45	8085-90	8080/7901	7900-01	7945-46	-
Tin ($ per tonne)						Total daily turnover 960 lots
Cash	5585-90	5620-30		5580-90		
3 months	5665-70	5695-700	5670/5660	5662-65	5655-60	-
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,901 lots
Cash	1022-24	1032-3		1028-29		
3 months	1043-4	1052-3	1057/1037	1048-9	1043-4	-

LME Closing £/$ rate:
SPOT: 1.6756 3 months: 1.6599 6 months: 1.6446 9 months: 1.6289

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	354.40-354.80	
Opening	354.20-354.60	
Morning fix	354.10	210.962
Afternoon fix	353.80	210.533
Day's high	351.50-354.80	
Day's low	353.70-354.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.23	6 months	5.00
2 months	5.15	12 months	5.08
3 months	5.14		

Silver fix	p/fine oz	US cts equiv
Spot	235.55	393.35
3 months	241.85	400.90
6 months	247.70	406.50
12 months	260.35	419.40

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	354.00-355.00	210.50-211.00
Maple leaf	363.00-364.00	216.00-216.50
New Sovereign	85.00-86.00	50.50-51.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1150	110	142		3
1250	16	69	6	22
1300		18	90	76
Copper (Grade A)	**Calls**		**Puts**	
2150	115	119	0.5	33
2250	28	63	13	75
2350	1	29	86	139
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
500	59	83	2	3
550	21	44	14	14
600	5	19	48	39
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
675	86	1093	3	34
700	72	91	44	44
725	69	78	56	58
Brent Crude	**Oct**	**Nov**	**Oct**	**Nov**
2000	30			54
2050	13			
2100		19		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Aug	354.4	355.2	354.9	353.7
Sep	354.4	355.2	0	0
Oct	356.2	357.0	357.0	355.4
Dec	359.5	360.3	360.8	358.6
Feb	362.7	363.5	363.3	362.0
Apr	365.7	366.5	366.3	365.5
Jun	368.9	3369.7	0	0
Aug	372.2	373.0	374.0	373.7
Oct	375.3	376.1	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Aug	331.5	335.6	0	0
Oct	333.5	337.8	336.0	333.0
Jan	337.8	342.0	340.5	337.0
Apr	341.3	345.7	342.0	341.6
Jul	345.3	349.7	348.5	348.5
Oct	352.3	356.7	0	0
Oct	387.9	387.5	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Aug	391.0	393.0	391.5	391.5
Sep	391.3	393.3	395.0	389.5
Oct	393.2	395.2	0	0
Dec	397.9	400.0	402.0	396.0
Jan	399.4	401.5	0	0
Mar	404.6	406.7	408.0	404.0
May	409.2	411.4	411.0	411.0
Jul	413.6	416.1	416.5	416.5
Sep	418.6	421.0	0	0
Dec	426.1	428.6	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	103.40	101.45	103.40	102.10
Sep	102.90	101.15	103.00	101.50
Oct	102.50	100.65	102.35	101.50
Nov	102.20	100.10	101.40	101.05
Dec	101.85	99.85	102.00	100.20
Jan	101.35	99.45	100.25	100.25
Feb	100.85	99.00	0	0
Mar	100.30	98.50	0	96.90
Apr	99.80	98.10	0	0
May	99.30	97.65	98.70	98.70

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Nov	21.84	21.87	21.93	21.78
Dec	21.70	21.73	21.77	21.65
Feb	21.46	21.45	21.48	21.42
Mar	21.36	21.29	21.34	21.29
Apr	21.14	21.14	21.17	21.10
May	21.00	21.01	20.97	20.97
Jun	20.91	20.90	20.94	20.91

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	6215	6223	6230	6190
Oct	6305	6313	6325	6280
Nov	6415	6420	6435	6395
Dec	6510	6520	6530	6495
Jan	6525	6534	6545	6510
Feb	6370	6379	6390	6360
Mar	6125	6114	6125	6110
Apr	5890	5889	5900	5870
May	5730	5729	5735	5730
Jun	5648	5670	5725	5595

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1022	1038	1040	1021
Dec	1069	1089	1088	1067
Mar	1117	1137	1134	1116
May	1146	1166	1161	1146
Jul	1170	1190	1184	1180
Sep	1193	1213	1208	1201
Dec	1228	1248	1240	1240
Mar	1268	1290	0	0
May	1289	1315	0	0
Jul	1311	1336	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	84.40	83.65	84.90	83.00
Dec	87.40	86.95	88.30	86.60
Mar	90.90	90.40	91.75	90.20
May	93.40	92.85	94.00	92.30
Jul	95.90	85.50	96.50	95.00
Sep	98.90	97.75	0	0
Dec	103.50	103.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	8.88	8.83	8.93	8.78
Mar	8.34	8.36	8.42	8.31
May	8.28	8.35	8.35	8.24
Jul	8.27	8.34	8.33	8.26
Oct	8.30	8.33	8.36	8.30

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	64.92	64.23	64.98	64.15
Dec	65.78	64.90	66.80	64.90
Mar	66.95	66.05	67.00	66.20
May	67.50	66.65	67.50	66.65
Jul	68.10	67.50	68.10	67.50
Dec	66.90	66.70	66.95	66.65

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	119.20	118.60	119.30	118.50
Nov	116.70	116.50	117.00	116.00
Jan	114.85	114.50	115.10	114.50
Mar	116.00	115.75	116.30	115.80
May	116.75	116.40	116.60	116.50

INDICES

REUTERS (Base: September 18 1931 = 100)

Aug.27	Aug.23	mnth ago	yr ago
1659.8	1644.0	1718.2	1800.3

DOW JONES (Base: Dec. 31 1974 = 100)

	Aug.26	Aug.22	mnth ago	yr ago
Spot	118.04	117.47	121.27	132.23
Futures	121.96	121.47	123.59	134.16

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	574/6	582/6	581/2	574/0
Nov	586/6	594/4	593/4	586/0
Jan	597/6	605/4	604/4	597/2
Mar	606/0	614/0	615/0	606/0
May	616/0	621/4	622/4	615/4
Jul	621/0	626/4	626/0	620/4
Aug	621/0	628/0	0	0
Sep	600/0	607/0	603/0	600/0
Nov	598/4	607/2	607/4	598/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	19.96	20.52	20.37	19.95
Oct	20.12	20.69	20.51	20.12
Dec	20.46	21.04	20.90	20.45
Jan	20.68	21.22	21.09	20.68
Mar	21.01	21.55	21.40	21.00
May	21.20	21.70	21.50	21.20
Jul	21.51	22.00	21.85	21.51
Aug	21.51	22.02	0	0
Sep	21.51	22.02	0	0
Oct	21.51	22.02	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	185.0	185.4	187.0	184.5
Oct	183.6	184.6	186.0	183.4
Dec	182.4	184.4	185.2	182.2
Jan	182.5	184.8	184.9	182.5
Mar	182.7	184.5	184.7	182.5
May	182.6	184.5	183.5	182.3
Jul	181.0	183.0	183.0	181.0
Aug	181.0	183.5	182.0	181.0
Sep	181.0	184.5	183.5	181.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	251/8	254/4	254/2	251/4
Dec	255/4	258/4	259/0	255/2
Mar	262/4	265/6	265/2	262/2
May	267/4	270/2	269/0	267/2
Jul	270/0	272/4	271/4	269/2
Sep	258/0	257/0	259/0	256/0
Dec	252/6	254/0	256/0	252/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	302/6	306/0	304/6	302/2
Dec	316/2	320/6	319/4	316/0
Mar	321/6	326/4	325/0	321/4
May	317/4	322/0	321/0	317/2
Jul	307/0	311/2	310/0	307/0
Sep	314/4	319/0	316/4	314/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	71.05	71.25	71.10	70.60
Dec	74.07	74.00	74.15	73.32
Feb	72.50	72.56	72.55	72.07
Apr	73.15	73.12	73.20	72.82
Jun	71.17	71.12	71.20	70.70
Aug	69.60	69.75	69.75	69.60

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	44.62	44.62	44.70	44.30
Dec	44.25	44.05	44.30	43.60
Feb	43.60	43.32	43.70	43.00
Apr	42.05	41.90	42.05	41.82
Jun	45.85	45.92	45.95	45.90
Jul	46.07	46.05	46.20	45.95
Aug	44.47	44.45	44.47	0
Aug	44.42	44.55	0	44.30

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	48.70	47.60	48.80	47.35
Mar	48.25	47.35	48.35	47.05
May	49.10	48.45	49.20	47.97
Jul	46.05	46.00	46.05	46.05
Aug	45.10	44.55	45.10	0

LONDON STOCK EXCHANGE

Volume down as mood turns cautious

By Terry Byland, UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Aug 12	Sep 2	Sep 16
Option Declarations:		
Aug 29	Sep 12	Sep 26
Last Dealings:		
Aug 30	Sep 13	Sep 27
Account Day:		
Sep 9	Sep 23	Oct 7

*New-time dealings may take place from 9.00 am two business days earlier.

AN ATTEMPT to push the London stock market to new heights quickly died away yesterday in the face of a general weariness following last week's excitements and the uncertainties posed by the potential break-up of the Soviet Union. UK stocks gave ground steadily in the second half of the session, closing 20.9 down on the FT-SE scale as Wall Street also slipped lower.

The chief feature of the session was the sharp fall-off in market volume, which reflected the division of views on the outlook for UK equities. The rise to a new peak on Friday took the Footsie into the 2,630-2,650 range, which is widely seen as area of decision for the equity market.

In early trading yesterday the market advanced by 7.5 to FT-SE 2,648.2, largely on the back of the September Footsie index future contract. But genuine investment support was clearly lacking and after topping out before 9.00 am. the market began to give ground across a broad front.

Losses widened and there was no genuine attempt at a recovery. With Wall Street down by 15 Dow points in UK hours, the London market closed at the low of the day.

The final reading put the FT-SE Index at 2,619.8, for a net loss of 20.9 points on the day. The fall in the index was regarded as insignificant. The more revealing picture of the day came from the Seaq volume total of only 320.1m shares against Friday's 465.5m.

"The market is simply exhausted, physically and emotionally," commented a leading brokerage trader who claimed to have dealt heavily and successfully during the hectic trading sessions of the previous week.

Marketmaking firms were drained of stock last week and they were not unwilling to see share prices come back after the initial excitement yesterday morning.

The news from eastern Europe remains almost impossible to assess in terms of share prices. UK traders, disturbed by the danger of serious border conflicts if the Soviet Union breaks up, were unimpressed yesterday by press agency reports that some equity chartists were taking a highly bullish view of the outlook for UK equities.

Also restraining enthusiasm were widespread reports that the strength of the stock market has prompted a number of leading companies to plan rights issue fund-raising moves.

The most widely-quoted was that Ladbroke, the hotel and leisure group, will disclose a near £500m rights move when it announces trading results on Thursday. Ladbroke is regarded as a natural candidate for a fund-raising and several analysts suggested yesterday that it would be successful with a rights issue at the suggested 15 per cent discount to market price. But concern was expressed that Ladbroke was only the first name at the head of a lengthening list of would-be cash raisers.

With sterling steady but unexciting, the London market's leading blue chip stocks were left to the mercy of the downward drift in the stock market.

Except for Glaxo, which fell sharply, losses among the big names were small. ICI and Reuters shaded lower but without seeing significant turnover. Among the domestically-orientated issues, underlying hopes for another early cut in UK base rates kept share prices steady.

FINANCIAL TIMES STOCK INDICES

	Aug 27	Aug 23	Aug 22	Aug 21	Aug 20	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.78	85.94	85.94	85.65	85.61	78.15	85.94 (22/8)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.89	94.97	94.93	94.80	94.80	88.52	94.93 (22/8)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	2059.0	2089.3	2058.1	2033.7	1987.9	1657.4	2089.3 (23/8)	1805.3 (16/1)	2089.3 (23/8/91)	49.4 (26/6/40)
Gold Mines	156.0	162.0	167.7	173.2	181.3	190.1	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2619.8	2640.7	2623.0	2601.9	2564.5	2126.1	2640.7 (23/8)	2054.8 (16/1)	2640.7 (23/8/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1182.85	1181.55‡	1176.55	1168.21	1141.43	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div Yield	4.63	4.59	4.63	4.68	4.79	5.71				
●Earning Yld %(full)	7.56	7.48	7.54	7.62	7.92	12.16				
●P/E Ratio(Net)(☆)	16.52	16.68	16.55	16.37	15.74	9.90				
SEAQ Bargns 4.45pm	28,515	32,495	30,772	27,821	26,726	20,048				
Equity Turnover(£m)†	-	988.68	1129.93	1089.95	870.75	595.97				
Equity Bargains†	-	32,182	30,620	27,546	27,869	20,689				
Shares Traded (ml)†	-	415.4	424.5	457.8	368.4	254.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Base 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.73 ‡ Corrected

Ordinary Share Index, Hourly changes — Day's High 2074.1 — Day's Low 2050.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2071.0	2073.7	2070.1	2063.1	2057.7	2057.6	2058.1	2058.7	2053.3

FT-SE 100, Hourly changes — Day's High 2648.2 — Day's Low 2619.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2642.6	2648.0	2643.3	2635.5	2629.6	2629.3	2629.8	2630.2	2624.1

FT-SE Eurotrack 200, Hourly changes — Day's High 1189.21 — Day's Low 1182.70

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1188.76	1189.51	1184.75	1183.38	1183.63	1182.94	1183.87

GILT EDGED ACTIVITY

Indices*	Aug 23	Aug 22
Gilt Edged Bargains	85.7	77.8
5-Day average	78.3	84.3

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

Rival upsets Glaxo

Glaxo was one of the worst performers of the day among FT-SE 100 stocks after the publication of good results from the maker of a competitor to its best selling drug Zantac. The progress of ulcer drug Losec, made by Swedish company Astra, has beaten most analysts' forecasts. Sales, including income from licencees, almost trebled to SKr2,250m (£211m). Gastrointestinal agents have became the company's largest-selling product category.

Zantac, with sales for the year to June 1990 of £1,464m, is the biggest-selling pharmaceutical product in the world and has been the source of Glaxo's profits growth for a decade. Analysts have been divided over the extent to which the arrival of Losec might affect Zantac. The uncertainty is all the keener because Glaxo is seen as a one-drug company: Zantac has accounted for about three quarters of Glaxo's profits.

Glaxo shares slipped 22 to 1340p, a decline that would have been sharper if not for persistent buying by one of the City's largest securities houses yesterday. The company publishes interim results on September 12. Turnover was a modest 1.1m.

Eurotunnel up

Strong buying by French investors was said to have been behind the upsurge in Eurotunnel shares, which raced up 22 to 492p on turnover of 651,000 shares, more than double the daily averages for the stock and easily outpacing the other constituents of the Footsie list.

Dealers said the shares had responded to a burst of support from French funds which bought the stock on suggestions of a chart "break-out.

Similar sentiments were behind EuroDisney's gain of 48 to 1358p in very thin trade.

Demand for Bass

Bass improved against the market trend, maintaining the forward momentum it had last week.

Analysts have rallied to support the stock in the wake of recent caution on UK beer sales and margins. Goldman Sachs emerged from a meeting with the company late on Friday saying that current trading news seemed positive. Mr John Beaumont at Goldman added that the company's market share was beginning to recover too: "Bass is basically underrated." He left his forecasts unchanged near the top of the City's range of estimates.

James Capel has been positive on the stock too. "Bass has a lot of recovery potential," said Mr Ian Shackleton at Capel.

The shares were 21 better at one point before closing at 978p for a net gain of 13. They have risen 72 in four consecutive trading sessions. Turnover yesterday was 1.7m, below levels at the end of last week but still unusually busy for the stock.

ADT was strong in spite of the suspension of its dividend when the interim results were announced. The market had been unable to respond immediately to the the Bermuda-based car auction group's 42 per cent fall in profits as the announcement came on bank holiday Monday.

However, the fall had been expected and investors reacted positively to ADT's sweeping debt-reduction plans and the shares bucked the trend to rise 40 in early trading. They were unable to hold that level for long and were knocked by a weak opening on Wall Street. However, the shares closed 8 up at 501p. One analyst said of the results: "They're a step in the right direction but there is still some way to go."

Bank shares gave ground across the board, as institutions responded to the recent clutch of cautious recommendations from leading analysts, notably those at County NatWest and Shearson Lehman. Midland slipped back 8 to 247p, Lloyds 5 to 390p and NatWest 3 to 349p. Barclays dipped to 473p.

Standard Chartered moved against the trend, closing 7 higher at 381p after being chased higher by Smith New Court.

The recent buoyancy of stock markets boosted merchant banks, where Hambros rose 6 to 288p.

The Racal "twins" suffered from selling pressure said to have originated from the US. Electronics dropped 4½ to 223p and Telecom 6 to 341p; the demerger of Telecom from Electronic is scheduled for September 16.

Heavy turnover developed in PowerGen, 5.2m, and National Power, 6.6m, with the latter 2 easier at 151½p and the former unaltered at 161½p.

The regional electricity issues gave ground as did the water stocks. Southern was an exception in the latter sector, closing 4 better at 334p after keen support from one broking house.

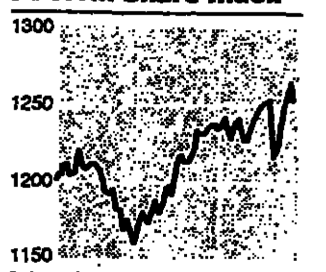
A report that the Office of Fair Trading has recommended that British Gas should be forced to sell its gas pipeline transmission system caused a tremor in the stockmarket. Gas shares, recently trading at best-ever levels, came under pressure to close a net 3 off at 272½p. Dealers said, however, that the selling lacked conviction, as evidenced by the relatively thin turnover of 4.1m shares.

Specialists said any forced sale of the pipeline system would be seen as a blow to Gas, and would attract a long line of buyers.

Monument Oil & Gas attracted plenty of interest with a 2.2m line of stock traded at 41¾p; dealers said the market was becoming excited by suggestions of more drilling success in the company's tenth well drilled in Morecambe Bay.

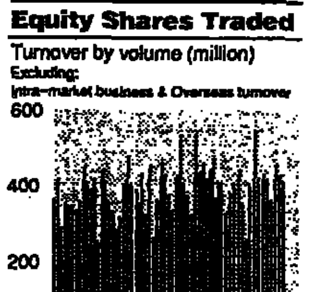
Shell drifted 5 to 529p but BP held up well, closing only a shade easier at 346p as dealers remained bullish about imminent testing of the latest wells drilled on the Cusiana oil find in Colombia.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
intra-market business & Overseas turnover



Tesco fell 6 to 266p as County NatWest WoodMac downgraded its view of the company's short-term prospects. The broker was also cautious on the rest of the food retailing sector and J Sainsbury shed 5 to 359p, Argyll fell 7 to 303p and Asda eased 2 to 90p. The sector has been shaken in recent days by the possibility of a margin-shrinking price war.

Construction group RM Douglas followed up last week's series of big share price rises with a leap of 57 to 518p after revealing it had received an approach which could lead to an offer for the group.

Last week Douglas shares rose from 410p to 461p, a gain of 12.4 per cent, albeit in relatively thin trading.

No real favourite to bid for the company emerged, but Amnec was suggested as a potential candidate, as was the ubiquitous Taylor Woodrow, which recently took a near 5 per cent holding in Y.J Lovell. "Don't rule out one of the Continental groups," was the comment from another UK specialist.

Recent heavy activity in Tarmac continued yesterday with turnover in the stock reaching 4m; the share price, up to 231p early on, stuttered and subsequently dipped to close 2 easier at 227p. Interim figures from Tarmac are scheduled for September 24 with Nikko Securities looking for profits of £50m, down from £97.8m. Phoenix Timber tumbled 5 to 18p.

Johnson Matthey firmed a penny against the trend to 316p. It was helped by a bounce in the price of platinum yesterday and a recent recommendation from securities house Panmure Gordon. The broker argued that worries over the tumbling price of platinum and speculation over alternatives to catalytic converters were detracting from the group's secure earnings profile.

Plantation to agricultural products group, Harrisons & Crosfield, slipped 4 to 157p after UBS Phillips & Drew published an in-depth note arguing that the recent sharp rise in the share price was overdone and there were better yields to be had.

Williams Holdings was a penny stronger at 341p ahead of interim results tomorrow. Observers said the group was expected to announce a profit rise of between 10 and 15 per cent.

Support for Whitecroft, the textiles to property group which has sharply underperformed the market in the past year, helped the shares to bounce back 5 to 140p.

Weekend press comment helped CMB Packaging, the Anglo-French cans and plastic bottles group, climb 75 to 1550p. There have been long-running suggestions that conglomerate BTR might want to bid for the company.

MARKET REPORTERS:
Daniel Green,
Peter John,
Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 14.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (107).
BRITISH FUNDS (2) Treas. 2pc IL 1992, Treas. 2pc IL 1994. AMERICANS (2) Pall, Rep. NY, BUILDINGS (1) Douglas (RM), CHEMICALS (2) Engelhard, Thurgar Bardex, STORES (8) Alexon, Courts, Crown Eyeglass, Forminster, GUS, Do. A, Martin (A), Stirling, ELECTRICALS (7) Alba, Black & Decker, British Telecom, FKI, MTL Instruments, Macro 4, Micro Focus, ELECTRICITY (1) PowerGen, ENGINEERING (16) Cook (Wm), Cooper (F.), Laird, McKechnie, Meggitt, Metalrax, Spirax-Sarco, Victaulic, Vosper Thornycroft, Weir, FOODS (4) BSN, Park, Salvesen (Ch.), Shoprite, INDUSTRIALS (22) Astra B, Avon Rubber, BET, Bespak, Bibby (J), Bodycote, British Vita, Halma, Hays, Intercare, Johnson Cleaners, MB Caradon, Do. 7.25pc Prf., Pentland, RCO, Reckitt & Colman, Do. 9.5pc Cap. Bond, Scapa, Silverminas, Williams 8p Prf., Wilshaw, Wolseley, INSURANCE (2) Hogg, Oriel, LEISURE (3) Carlton Comms., Euro Disney, Zetters, MOTORS (2) ERF, Kwik-Fit, NEWSPAPERS (2) EMAP, Utd. Newspapers, PAPERS (2) Gold Greenlees Trott, Whinney Mackay-Lewis, SHOES (1) Strong & Fisher, TEXTILES (2) Courtaulds, Lamont, TRANSPORT (6) Air London, CSX, Lon. & O'seas Freighters, Ocean, Tibbett & Britten, Tiphook, TRUSTS (26) Beta Global Emrg. Mkts. Wrrnts., British Inv., Contra-Cyclical Zero Prf., Dunedin Inc. Growth, EFT, Flmg. American, Flmg Claverhouse, Flmg. Mercantile, Foreign & Col. High Inc., Gartmore Amer. Secs. Zero Prf., Gartmore Value Zero Prf., German Inv., Govett Atlantic, Intrum Justitia, Jos. London Forfaiting, Murray Smaller Mkts., Do. B, Rathbone Bros., River & Merc. Amer. Inc., River & Merc. Extra Inc., Scottish Eastern, TR Technology Sppd. Prf., Templeton Emrg. Mkts. Wrrnts., Tor Inv., OILS (3) British Gas, Fairhaven, Occidental.
NEW LOWS (16).
CANADIANS (1) Central Capital A, BANKS (1) Reflex Invs., BUILDINGS (1) Phoenix Timber, ENGINEERING (2) Manganese Bronze, Rolls-Royce, FOODS (1) Greggs, INDUSTRIALS (6) ASB Barnett, Davies (DY), Grovewood, Hornby, Nu-Swift, Willaire, PROPERTY (1) Bredero, TRUSTS (1) River & Merc. Amer. Wrrnts., OILS (2) Atlantic Res., Premier Cons., MINES (2) Meekatharra, Renison.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	*200	501	+8
ASDA Group	987	60	-2
Abbey National	1,600	304	-3
Albert Fisher	1,200	103	+1
Allied-Lyons	875	576	-13
Amstrad	1,300	53½	-½
Anglian Water	456	386	-4
Argos	542	336	+3
Argyll Group	1,300	303	-7
Arjo Wiggins	1,000	281	-1
Ass. Brit. Foods	225	515	-2
BAA	523	452	-4
BAT Inds.	3,400	688	+2
BET	979	220	-4
BICC	391	454	-3
BOC	251	584	-7
BPB Inds.	22	305	+1
BTR	2,500	420	-5
Bank of Scotland	461	123	-1
Barclays	921	473	-2
Bass	1,700	978	+13
Beazer	1,200	82	+2
Berisford Int.	48	36	
Blue Circle	977	267	-2
Booker	324	479	-2
Boots	1,000	429	-10
Bowater	186	870	+1
Brit. Aerospace	713	571	-3
British Airways	728	177	-1
British Gas	4,100	272½	-3
British Land	48	308	-4
BP	3,800	346	-1
British Steel	1,600	125½	-1
British Telecom	2,500	387	-3
Bunzl	1,000	166	-2
Burmah Castrol	177	579	-1
Burton	1,200	41	-½
Cable & Wire	656	588	-2
Cadbury	1,200	384	-2
Calor Group	38	334	
Carlton Comms.	700	505	-12
Coats Viyella	236	174	-1
Comm. Union	302	517	

	Volume 000's	Closing Price	Day's change
Cookson	118	116	+1
Courtaulds	533	473	-1
Dalgety	325	414	-3
De La Rue	151	453	-3
Dixons	1,000	266	-5
ECC Group	14	460	
Eastern Elect.	375	176	-1
East Midland Elect.	478	202	-2
Enterprise Oil	156	518	
Eurotunnel Units	651	492	+22
FKI	2,100	69	
Ferranti	858	[illegible]	[illegible]
Fisons	839	[illegible]	[illegible]
Forte	1,300	[illegible]	[illegible]
Gen. Accident	984	[illegible]	[illegible]
General Elect.	5,700	[illegible]	[illegible]
Glaxo	1,100	1340	[illegible]
Glynwed Int.	67	[illegible]	[illegible]
Granada	167	[illegible]	[illegible]
Grand Met.	1,100	[illegible]	[illegible]
GUS A	381	[illegible]	[illegible]
GRE	709	[illegible]	[illegible]
GKN	510	[illegible]	[illegible]
Guinness	908	[illegible]	[illegible]
Hammerson A	42	[illegible]	[illegible]
Hanson	7,300	[illegible]	[illegible]
Hanson Warrants	1,000	[illegible]	[illegible]
Harrisons Crosfield	564	157	[illegible]
Hawker Sidd.	224	[illegible]	[illegible]
Hillsdown	1,700	[illegible]	[illegible]
IMI	104	[illegible]	[illegible]
ICI	487	[illegible]	[illegible]
Inchcape	425	[illegible]	[illegible]
Kingfisher	535	[illegible]	[illegible]
Ladbroke	4,100	[illegible]	[illegible]
Land Securities	384	[illegible]	[illegible]
Laporte	619	[illegible]	[illegible]
Legal & General	835	[illegible]	[illegible]
Lloyds Abbey	269	[illegible]	[illegible]
Lloyds Bank	867	390	[illegible]
LASMO	356	324	[illegible]
London Elect.	498	201½	[illegible]
Lonrho	2,300	[illegible]	[illegible]

	Volume 000's	Closing Price	Day's change
Lucas	889	154	-1
MB Caradon	511	252	+1
MEPC	16	476	-7
Manweb	224	244	
Marks & Spencer	4,700	288	-3
Midland Comms.	26	186	
Midland Bank	1,700	247	-8
Midlands Elect.	461	205½	-1½
NFC	235	200	
NatWest Bank	1,800	349	-3
National Power	6,600	151½	-2
[illegible]	[illegible]	[illegible]	[illegible]

	Volume 000's	Closing Price	Day's change
Seeboard	56	189	-3
Severn Trent Water	462	332	-1
Shell Transport	841	529	-5
Siebe	72	517	+1
Slough Ests.	93	262	-2
Smith (W.H.) A	751	449	-7
Smith & Nephew	479	136	-1
SmKl Beecham	579	782	-6
SmKl Beecham Uts	107	3413	-17
Smiths Inds.	128	283	-1
Southern Elect.	545	202	-2
[illegible]	[illegible]	[illegible]	[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

EARLY attempts by the futures market to push ahead fell flat yesterday and resulted in a gentle slide on thin volume, writes Peter John.

On the Liffe, the September Footsie future opened strongly as locals, small independent traders, filled in their short positions.

However the strength was not maintained and by the official close the September had slipped 23 points to 2,647 with less than 3,500 contracts dealt. The premium to the underlying cash market remained above the estimated fair value of 17 but the gap between the futures and the index was narrowed.

One trader said the futures market was affected by speculation of political problems in China which had knocked the Far East markets.

Others said business had merely dried up. The aggressive American buying of last week had finished and the effect of the lack of buying was compounded when County NatWest sold 600 lots.

Trading on LTOM was also desultory. Total turnover failed to reach 20,000 ahead of the expiry of August equity options today.

The only two stocks to see more than 1,000 options dealt were Trafalgar House and Unilever.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]		11.00	10.51
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]		8.06	10.27
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	12.64	10.31
[illegible]	[illegible]	Treas 10pc 1992	[illegible]		10.02	10.30
[illegible]	[illegible]	Treas. 2pc IL 1992‡‡	[illegible]	[illegible]	2.01	8.23
[illegible]	[illegible]	Treas. 8pc 1992‡‡	[illegible]		8.11	10.20
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.49	10.22
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	3.13	8.28
[illegible]	[illegible]	Exch. 12¼pc '92	102		12.01	10.05
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	13.06	10.06
[illegible]	[illegible]	Treas 8¾pc 1993	[illegible]		8.45	10.00
[illegible]	[illegible]	Treas 10pc 1993‡‡	[illegible]		10.01	10.03
[illegible]	[illegible]	Treas 12½pc 1993‡‡	104		12.02	10.07
[illegible]	[illegible]	Funding 6pc 1993‡‡	[illegible]		6.38	9.27
[illegible]	[illegible]	Treas 13¾pc 1993‡‡	107		12.85	10.11
[illegible]	[illegible]	Treas. 8½pc 1994	[illegible]		8.79	10.03
[illegible]	[illegible]	Treas 14½pc 1994‡‡	[illegible]		13.22	10.10
[illegible]	[illegible]	Exch 13½pc 1994	[illegible]		12.53	10.09
[illegible]	[illegible]	Treas. 10pc Ln 1994‡‡	[illegible]		10.02	10.07
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	Conversion 10pc 1996	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Do. 10pc 1996 B	[illegible]		10.11	10.00
[illegible]	[illegible]	Treas 13¼pc 1997‡‡	[illegible]		11.79	10.18
[illegible]	[illegible]	Exch 10½pc 1997	[illegible]		10.31	10.04
[illegible]	[illegible]	Treas 8¾pc 1997‡‡	[illegible]	[illegible]	9.26	9.98
[illegible]	[illegible]	Exch 15pc 1997	[illegible]		12.42	10.35
[illegible]	[illegible]	Exch. 9¾pc 1998	[illegible]		9.89	10.05
[illegible]	[illegible]	Treas 6¾pc 1995-98‡‡	[illegible]	[illegible]	7.80	9.52
[illegible]	[illegible]	Treas. 15½pc '98‡‡	[illegible]	[illegible]	12.30	10.24
[illegible]	[illegible]	Exch. 12pc 1998	[illegible]	[illegible]	10.98	10.15
[illegible]	[illegible]	Treas 9½pc 1999‡‡	[illegible]	[illegible]	9.70	9.88
[illegible]	[illegible]	Exch. 12¼pc 1999	[illegible]	[illegible]	11.05	10.16
[illegible]	[illegible]	Treas. 10½pc 1999	[illegible]	[illegible]	10.26	10.05
[illegible]	[illegible]	Conversion 10¼pc 1999	101	[illegible]	10.15	10.05
[illegible]	[illegible]	Conversion 9pc 2000‡‡	[illegible]	[illegible]	9.47	9.88
[illegible]	[illegible]	Treas. 13pc 2000	[illegible]	[illegible]	11.23	10.24
[illegible]	[illegible]	Treas 10pc 2001	[illegible]	[illegible]	9.99	9.97
[illegible]	[illegible]	Treas. 14pc '98-01	[illegible]	[illegible]	11.92	10.32
[illegible]	[illegible]	Treas 9¾pc 2002	[illegible]	[illegible]	9.91	9.99

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	Treas 10pc 2003	[illegible]	[illegible]	9.96	9.97
[illegible]	[illegible]	Treas. 11½pc 2001-04	[illegible]	[illegible]	10.65	10.18
[illegible]	[illegible]	Funding 3½pc '99-04	[illegible]	[illegible]	5.88	8.82
[illegible]	[illegible]	Conversion 9½pc 2004	[illegible]	[illegible]	9.80	9.93
[illegible]	[illegible]	Conversion 9½pc 2005	[illegible]	[illegible]	9.79	9.91
[illegible]	[illegible]	Treas. 12½pc 2003-05	[illegible]	[illegible]	10.64	10.01

Over Fifteen Years

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
85½	[illegible]	Treas. 8pc 2002-06‡‡	85¼	[illegible]	9.38	9.90
[illegible]	[illegible]	Treas. 11¾pc 2003-07	111¾	[illegible]	10.50	9.99
[illegible]	[illegible]	Treas 8½pc 2007‡‡	[illegible]	[illegible]	9.48	9.80
[illegible]	[illegible]	Treas. 13½pc '04-08	[illegible]	[illegible]	10.80	9.99
[illegible]	[illegible]	Treas. 9pc 2008‡‡	[illegible]	[illegible]	9.59	9.76
[illegible]	[illegible]	Do. 9pc 2008 C	[illegible]	[illegible]	9.59	9.76
[illegible]	[illegible]	Treas 8pc 2009	[illegible]	[illegible]	9.38	9.75
[illegible]	[illegible]	Conv 9pc Ln 2011‡‡	[illegible]	[illegible]	9.63	9.76
[illegible]	[illegible]	Cnv 9pc 2011 A	[illegible]	[illegible]	9.54	9.62
[illegible]	[illegible]	Treas. 5½pc 2008-12‡‡	[illegible]	[illegible]	8.73	9.66
[illegible]	[illegible]	Treas. 7¾pc 2012-15‡‡	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Exch. 12pc '13-'17	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Index-Linked

1991 High	1991 Low	Stock	Price £	+ or -	Yield (1)	Yield (2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
120¼	[illegible]	Do 2'94 ...(102.9)	120¼	[illegible]	3.03	4.01
172	168	Do. 2pc '96 ...(67.9)	172¼	[illegible]	3.70	4.25
142¼	137	Do 2½pc '01 ...(78.3)	142¼	[illegible]	3.96	4.27
138	133	Do. 2½pc '03 ...(78.8)	138	[illegible]	4.02	4.29
140	135	Do. 2pc '06 ...(69.5)	139	[illegible]	4.13	4.35
128	124	Do. 2½pc '09 ...(78.8)	127	[illegible]	4.17	4.36
132	128	Do. 2½pc '11 ...(74.6)	131	[illegible]	4.18	4.36
109	105	Do 2½pc '13 ...(89.2)	107	[illegible]	4.19	4.35
117	113	Do. 2½pc '16 ...(81.6)	114	[illegible]	4.18	4.34
113	109	Do 2½pc '20 ...(83.0)	110	[illegible]	4.18	4.32
95	91	Do. 2½pc '24‡‡ ...(97.7)	91	[illegible]	4.14	4.27

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1990: 129.9 and for July 1991: 133.8.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
104¼	95¾	African Dv Bk 11¼ Ln 2010	103¾	-⅜	10.71	10.62
99¾	91¾	Asian Dev Bk 10¼pcLn2009	99¼	-⅜	10.34	10.36
113	105	Int-Am Dev Bk 12½pc 2003	112¾	-⅜	11.09	10.53
93	86¾	Do. 9¾pcLn 2015	93¼	-⅜	10.44	10.50
124	101	Utd. Mexican States 16½pc 2008	123½	-½	13.36	13.02

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
103½	100½	Birmingham 11½pc 2012	102½	+1	11.22	11.20
97½	93½	GLC 6¾pc 1990-92	97½	......	6.92	11.05
115½	110½	Leeds 13½pc 2006	114½	......	11.79	11.40
30	28	Liverpool 3½pc Irred.	30	......	11.67	-
27	26	LCC 3pc '20 Aft.	26	......	11.54	-
103½	97½	Manchester 11½pc 2007	102½	+1	11.22	11.15

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
90	84	Sth Rhod. 87-92 Asstd.	90	[illegible]	-	-

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
104¾	103	104Bn. 4.25pcIL '24	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	52	......	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	58	......	3.50	7.00
50	50	Do. 6pc 28 Stb. Ass.	58	......	3	6.00
50	50	Do 4pc Mixed Ass.	58	......	2	4.00
55	55	Hung. '24 Ass.	55	......	2.75	3.57
129	120	Hydro Quebec 15pc 2011	129¼	-⅛	12.89	11.27

Continued on next page

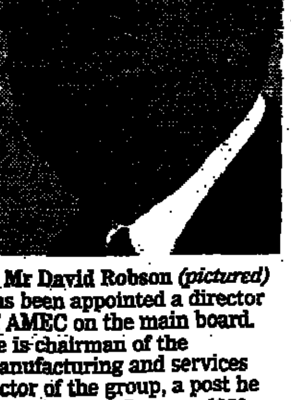
APPOINTMENTS

Finance controller at Thames company

■ THAMES INTERNATIONAL has appointed Ms Sue Smith as controller of finance. She will be moving from her present post as chief accountant at Thames Television on September 1. She will take responsibility for the financial management and accounting functions of Thames International and join its executive committee. Ms Smith will retain responsibility for Thames' corporate treasury function. Thames International is a wholly-owned subsidiary of Thames Television, representing Thames and other producers in international programme sales, co-productions, merchandising/publishing and video.

■ BRITISH TELECOMMUNICATIONS has appointed Mr John Ziemniak as director, policy, performance and planning in the worldwide networks division. He is managing director, network systems, at GPT, and replaces Mr Chris Earnshaw who was recently promoted to managing director, worldwide networks.

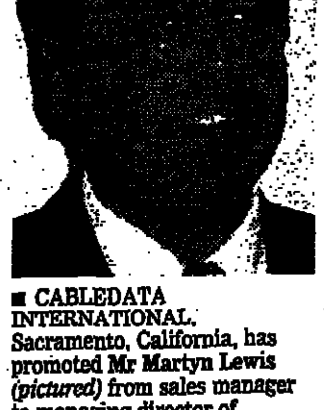
■ CONTINU-FORMS HOLDINGS has appointed Mr John Masters as financial director. He was director of finance at Chesterton, and succeeds Mr Chris Threlfall who now becomes commercial director.



■ Mr David Robson (pictured) has been appointed a director of AMEC on the main board. He is chairman of the manufacturing and services sector of the group, a post he has held since January 1990. Previously he was managing director of Press Construction. Mr Ray Mott, a director, has retired.

■ BLACK HORSE RELOCATION SERVICES has promoted Ms Susan Dugdale to sales and marketing director. She was head of sales and marketing.

■ VICTORIA WINE is to restructure its marketing and buying teams to combine the functions of both departments. From September 1 the new department will headed by board director Mr David Coxon, who becomes trading director. Ms Ann Tonks, buying controller, is promoted to director of marketing. Mr Chris Bell, marketing director, has left the company. Mr Roger Scott, company services director, will assume responsibility for the distribution network.



■ CABLEDATA INTERNATIONAL, Sacramento, California, has promoted Mr Martyn Lewis (pictured) from sales manager to managing director of CableData Europe, based at Leeds. He takes over from Mr Tony Cavanagh who is setting up his own company selling office equipment.

■ Following the acquisition of CC&P Consultants by BACON & WOODROW, actuaries, the firm has appointed the seven executive directors of CC&P as partners. They are: Mr Richard Cockman, Mr Richard Greenhill, Mr Keith McNeish, Ms Elizabeth Hubbick, Mr Andy Yeomans, Mr Alan Judes and Ms Jenny Kynaston. They are the first non-actuaries to be admitted to partnership in the 67-year history of the firm.

■ MILLER CONSTRUCTION has appointed Mr Mike Chippington as commercial director of the English civil engineering division, based at Rugby. He was the division's chief estimator.

■ Mr Philip Bushill-Matthews (pictured) has joined the executive board of PORTFOLIO FOODS as managing director of Red Mill Snack Foods. He was with Unilever, where he held senior management posts, lately as managing director of Craigmillar, a division of Van den Bergh & Jurgens.

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AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories	32½	.....	$1.00	–	1.8
385p	257p	♥Allegheny & W 1c	276p	+9	30c	–	6.4
10⅛	667p	Amdahl 5c	835p	+27	10c	–	0.7
42¼	25¼	Amer. Cyanamid $5	38⅞	+⅞	$1.50	–	2.3
17⅞	9 11/16	Amer. Express 60c	15⅛	+⅛	92c	–	3.5
24½	15¼	American T & T $1	23½	+⅛	$1.32	–	3.3
38⅞	32½	Ameritech $1	37¼	+½	$3.40	–	5.4
25⅞	12⅛	BankAmerica $1 9/16	25¼	–⅛	$1.20	–	2.8
35⅝	20⅛	Bankers N Y. $1	34 11/16	–½	$1.52	–	8.3
30½	24¼	Bell Atlantic $1	29⅛	+1⅛	$2.52	–	5.1
31¼	25	BellSouth Corp	28¼	....	$2.76	–	5.7
11¼	6⅜	♥Bethlehem Steel $8	10¼	+½	40c	–	2.2
1839p	1046p	Bowater Inc	1617p	+52	$1.20	–	4.4
54¼	37 11/16	CPC Intnl 25c	54¼	+⅛	$2.00	–	2.2
852p	420p	California Engy	849p	+55	–	–	–
50	28¼	Campbell Soup 15c	49 13/16	+⅛	$1.16	–	1.4
12¼	5⅜	Chase Manhattan $12½	12½	+⅛	$1.20	–	5.8
9⅛	5½	Chrysler $6¼	7⅛	+⅛	60c	–	5.0
10⅝	5⅞	Citicorp $1	8⅝	+⅛	$1.00	–	6.7
25	21⅛	Colgate-Palmolive $1	24⅛	+⅛	$1.06	–	2.6
928p	438p	Cont'l Bank Corp $4	894p	–16	$1.00	–	6.6
21⅝	13 11/16	Dana Corp. $1	17⅞	+¼	$1.60	–	5.3
1106p	203p	Data General	1080p	+25	–	–	–
22⅛	12⅞	Dial Crop. $1.5	21⅛	+⅛	$1.40	–	3.9
29⅝	20¼	Dun & Bradstreet $1	26¼	+½	$2.16	–	4.8
40	24¼	Eaton Corpn. 50c	38⅝	+1	$2.20	–	–
8½	5½	Echlin Inc	8	...	70c	–	5.2
20⅛	14⅛	FPL Group 1c	19⅛	–⅛	$2.40	–	7.2
30⅛	17⅞	Fluor Corp 62½pc	26⅛	+⅛	32c	–	0.7
23¼	13⅛	Ford Motor $1	18¼	+¼	$1.60	–	3.2
46 11/16	28⅛	Gen. Elect. 63c	44⅞	+1	$2.04	–	2.7
566p	270p	♥General Host Corp $1	462p	+9	34c	–	4.3
45¼	20⅞	Gillette $1	25¼	–⅛	62c	–	1.5
18⅛	794p	Hasbro Inc 50c	16	+½	24c	–	0.9
38½	21¾	Honeywell $1½	33⅞	+⅛	$1.50	–	2.6
23⅛	17⅞	Houston Inds.‖	22¼	–⅛	$2.96	–	7.9
72 11/16	55 11/16	IBM Corpn $1¼	56 11/16	+¾	$4.84	–	5.0
32½	18⅞	Ingersoll-Rand $2	29¼	+1⅛	$1.32	–	2.7
28⅛	16⅝	Lockheed Crpn $1	25⅛	–1½	$2.00	–	4.7
2155p	1245p	Lowe's 50c	2027p	+212	56c	–	1.6
18⅞	9½	Manuf. Hanover $1	17¼	–⅛	♦$3.28	–	10.9
26⅛	10⅛	Merrill Lynch $1	25⅛	+½	$1.00	–	2.3
33⅞	21 11/16	Morgan (JP) $2½	33⅞	+⅛	$1.98	–	3.5
43 11/16	25⅞	Morris (Philip)	43⅝	+¼	$1.72	–	2.3
46¼	39	NYNEX $1	45⅛	+1¼	$4.56	–	6.0
89p	15p	♥Pac Agricultural	15p	....	–	–	–
23⅝	11⅞	Pall Corp. 25c	23⅝	+⅛	b44c	–	1.1
46¼	33¼	Pennzoil 83 1/3c	40½	...	$3.00	–	4.4
40½	24⅞	Quaker Oats $5	36⅛	+⅛	$1.56	–	2.5
40⅞	24 11/16	Rep NY Corpn $5	40⅞	+⅛	$1.40	–	2.0
17⅛	12⅛	Rockwell Intl. $1	15⅛	–⅛	86c	–	3.4
25⅝	12 13/16	Sears, Roebuck 75c	25	–⅛	$2.00	–	4.7
34⅛	25⅛	Southwestern Bell $1	32 11/16	+⅛	$2.84	–	5.1
20¼	14⅞	Sun Co Inc $1	18 13/16	+⅛	$1.80	–	5.7
27⅛	21⅛	Tenneco $5	24⅞	+⅛	$3.20	–	7.3
40½	29⅛	Texaco $6.25	37⅛	–⅛	$3.20	–	5.1
26⅛	17¼	Texas Instr $1	18⅛	–⅛	72c	–	2.3
64½	37⅞	Time Warner $1	50½	+⅛	$1.00	–	1.2
16⅛	8⅞	TRINOVA Corp	14½	+⅛	68c	–	2.8
538p	250p	♥Unilab	512p	....	–	–	–
29⅞	22⅛	Utd Technologies	28 13/16	+⅛	$1.80	–	3.7
92p	42p	♥Utilitech Inc	82p	....	–	–	–
23	18¼	US West‖	21⅛	–⅛	$2.08	–	5.7
162p	87¾p	Varity Corp‖	148p	+3	$1.30	–	–
24⅛	16⅝	Waste Management $1	23⅝	+¼	44c	–	1.1
2191p	1053p	Whirlpool $1	2183p	+23	$1.10	–	3.0
20⅛	13½	♥Woolworth $3½	17 13/16	+¼	$1.08	–	3.6

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

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LEISURE

1991 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
708	155	Airtours 10p	β	635	–11	18.25	2.9	1.7	19.9
*108	71½	Allied Leis. 5p	α	104	.....	§4.75	3.5	6.1	7.3
246	140	Anglia TV	β	141	.....	9.26	2.4	7.7	7.4
31	14	Avesco 1p	α	24	.....	1.5	1.1	8.3	14.8
9	4½	BGCE Hldgs 5p	β	5½	–½	–	–	–	–
178	123	Barr & W.A.T. 'A'	β	164	+7	9.75	1.6	7.9	10.6
740	425	Boosey & Hawkes	β	740	.....	16.4	2.7	3.0	14.8
55	24	Border T.V.	β	54	.....	2.3	♦	5.3	♦
68	17	Brent Walker 10p	α	21½	.....	5.0	–	–	–
28	4	Do 6pc Cv Cm Rd Pf £1	γ	8	+½	6.0	–	–	–
55	13	Bridgeman Int'l. 10p	α	24	.....	g2.1	1.8	♦	3.6
350	183	Campari Int. 20p	β	344	.....	†11.0	2.9	4.2	9.5
208	134	Capital Radio 2½p	α	195	+1	5.25	2.9	3.6	12.8
518	350	Carlton Comms 5p	α	505	–12	†14.3	2.4	3.7	14.1
82	61	Do. 6.5p Prf 5p	γ	81	–1	6.5	–	10.7	–
253	160	Castle Comms. 5p	β	218	.....	8.5	1.7	5.2	14.6
898	480	Central ITV	β	893	–3	28.5	1.4	4.2	21.9
158	120	Chiltern Radio 10p	β	153	+1	44.8	2.6	4.2	11.7
89	39	Chrysalis	β	76	.....	s2.0	–	♦	–
64	27	Cityvision 5p	α	37½	.....	1.0	7.8	3.6	4.9
6	3	Classic TV [illegible]	γ	3½	–½	–	–	–	–
248	225	Eurocamp 5p	α	245	.....	10.5	2.5	4.6	11.6
1358	408	Euro Disney Fr10	α	1358	+48	–	–	–	–
30	5	European Leis. 1/25p	α	13	.....	1.7	2.2	17.4	2.2
*44	21½	Ex Lands 10p	α	31	.....	–	–	–	–
47	17	Expedier 20p	α	17	.....	1.0	2.7	8.1	4.5
563	405	Fairline Boats 10p	β	448	.....	21.0	4.1	6.3	5.2
276	188	First Leisure	α	266	–1	5.05	2.6	2.9	18.2
253	195	GWR Group 20p	β	247½	+2	6.0	3.2	♦	12.9
75	59	Grampian TV A 10p	β	67	.....	4.1	♦	8.2	♦
8	4	Greenwich Comm. 1p	β	4	.....	–	–	–	–
63	33	HTV Ord.	β	43	.....	3.75	1.2	11.6	9.9
164	55	Hi-Tec Sports	β	163	.....	5.0	2.9	4.1	11.1
4½	1½	Hot? Media Comm. 1p	α	1½	.....	–	–	–	–
64	30	Int'l. Resort Hldgs	β	40	.....	s13.2	2.5	♦	3.4
92	49	Invicta Sound 10p	α	85	.....	1.0	4.2	1.5	20.0

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

1991 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
73	32	TNT A$0.50		34		†Q7½c	2.0	9.3	2.6
458	283	Tibbett & Britten 5p	β	457		9.2	2.3	2.7	21.0
534	305	Tiphook 10p	α	533	+2	13.8	e3.5	3.5	8.8
281	206	Transport Dev.	α	277	–3	9.5	1.8	4.6	15.8
125	85	Turnbull Scott £1	β	98		–	–	–	–
C8¾	£4½	[illegible]		£7¾	+½	–	–	–	–

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

[illegible]

WATER

1991 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
383	331	Anglian £1	α	360	–4	17.5	2.2	6.3	(8.0)
170	139	East Surrey 10p		170	.....	8.0	2.7	6.5	(6.4)
178	155	Mid Kent Hldgs £1		171	.....	a6.0	2.8	6.2	6.5
367	322	North West £1	α	342	–2	18.0	a2.5	6.6	(6.7)
404	327	Northumbrian £1	α	348	–1	18.6	2.9	6.9	5.5
370	300	Severn Trent £1	α	332	–1	17.55	3.0	7.0	5.2
397	293	Southern £1	α	334	+4	17.7	2.9	7.1	(6.3)
392	308	South West £1	α	345	–6	20.0	a2.7	7.7	(5.3)
394	323	Thames £1	α	367	–3	17.5	2.2	6.4	(7.9)
422	342	Welsh £1	α	363	–5	19.9	3.4	7.2	4.4
456	325	Wessex £1	α	374	–4	17.7	2.7	6.3	(6.4)
403	335	Yorkshire £1	α	363	–1	17.7	2.5	6.2	(7.3)

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

1991 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's
[illegible]								
£11¾	£7¾	Homestake Mining $1		£9	+¼	Q20c	–	1.3
61	30	Ivernia West	γ	55	.....	–	–	–
46	35	Kells Mins. Ir5p	γ	35	.....	–	–	–
25	9	Kenmare	γ	11½	.....	–	–	–
18	15	Navan Resources	γ	18	+3	♦	–	–
99	52	Northgate Expl. C$1		68	–5	♦	–	–
16	6	North West Expln.		7	.....	–	–	–
188	83	Oryx Gold Hldgs.		138	–14	–	–	–
23	11	Ovoca Gold IR 2p	γ	13	.....	–	–	–
44	18	Plateau Mining 20p	β	19	.....	–	–	–
600	404	RTZ 10p	α	589	–2	19.5	2.2	4.4
11	3½	Thorco Res. Inc		10½	+½	–	–	–
10	4	Vizcaya Hldgs 5p	β	4	.....	–	–	–
133	118	Young Group 10p	β	124	.....	5.2	1.7	5.7

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- § No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1	β	640	.....
Finlay Pkg. 5p	β	19	.....
Holt (Jos) 25p	β	1975	–3

IRISH

Cap. 8½% Ln. 2010	£93¾	.....
9pc Cap Ln. 1996	£98¼	.....
Fin. 13% 97/02	£112½	.....
Arnotts	175	.....
Helton Hldgs. γ	43	.....
IRG	130	.....
United Drug	171	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	35
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	40

Property	
Brit Land	30
Control Secs	3
Land Securities	45
MEPC	40
Mountleigh	8½

Oils	
Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines	
Lonrho	21
RTZ	40

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

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AUTHORISED UNIT TRUSTS

NW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
NW Joint Investors	0	1065.4	1065 4	1094 8	....	4.32

Maldon Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maldon General	0	117 4	117 4	120.5	...	4.82

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings 071-256 5858

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	137.5	138.6	147 5	-0 2	3 64
Gilt & Fxd Int	5	147.7	147 7	155 3	-0 2	8.11
Intl Growth	5¼	147 4	147 4	156.8	+1 7	0 44
North American ♥	5¼	101.7	102 7	109.3	+2.3	0.30
Far East	5¼	112.3	112.3	119 5	-0.5	0 53
UK Smaller Cos	5¼	100.3	100.3	106.7	+0.7	3.14
European	5¼	54 11	54 11	57.69	+0 79	0.93
Japanese Growth	5¼	33 96	33 96	36.41	-0 35	0 00
Managed P'folio	5¼	50 17	50 45	53.67	+0 26	1.31
High Income	5¼	154 0	155 6	165.5	-0 3	5 66
High Yielding Gilt	5¼	60.94	60 94	64 16	-0.34	10.39
Cash		51.67	51 67	51.67	+0.04	9.52

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers: 071-826 0826 Enquiries: 071-826 0123

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth	5¼	171 6	171.6	182.8	+3.5	0.00
European Gth Inc		-	-	-	....	-
European Gth Acc	5¼	198.8	198.8	211.6	+0.3	0.00
Intl Gwth	5¼	143.3	143.3	152.3	+0.3	0.00
UK Equity Inc	5¼	121 9	121.9	131.0	+0.5	6 17
UK Equity Acc	5¼	137.3	137.3	147.5	+0.5	6.17
UK Ind Tracker Inc	5	126 2	126.2	134 6	+0.3	3.66
UK Ind Tracker Acc	5	137 2	137.2	146.3	+0.3	3.66
US Eq Ind Tracker Inc	5	148.2	148.2	158 7	+0.1	2.83
US Eq Ind Tracker Acc	5	153 0	153 0	163.8	...	2.83
Japan Tracker	5	58.22	58.22	61.75	-1 0	0.00
Asian Trader	5¼	84.31	84.31	90 21	-0.3	1.48
Managed Inc	5¼	101.5	101.5	109.1	-0.1	1.92
Managed Acc	5¼	103.1	103 1	110.9	-0 1	1.91
Cash Inc	0	100.41	100.41	100.41	+0.08	10.05
Cash Acc	0	110.26	110.26	110.26	+0.09	10.05
Europe	5¼	104 5	104 5	111 7	+0.3	0.00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	118.79	118 79	126.38	-0.1	2.60
Exempt Smllr Cos	3¼	228.40	228.40	247.01	+1.31	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: *Charge made on sale of units.* Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: *The letter H denotes* that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

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OTHER UK UNIT TRUSTS

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

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GUERNSEY (REGULATED)(**)

MANAGEMENT SERVICES

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

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ISLE OF MAN (SIB RECOGNISED)

JERSEY (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady as calm returns

LOWER consumer confidence in the US had little impact on a quiet foreign exchange market yesterday. Very little important economic news is expected this week and the political climate appears to be relatively calm, after last week's upheaval in the Soviet Union.

Soviet President Mikhail Gorbachev told parliament yesterday that he remains independent of Mr Boris Yeltsin, president of the Russian Federation, and denied that "the realisation of the concept of the Russian empire is under way." At the same time Mr Gorbachev threatened to resign if the union breaks up.

August consumer confidence slipped to 76.3, according to the US Conference Board, compared with 77.7 in July. The market was looking for a figure of about 77.0, but the dollar showed little reaction to this figure or to news that the second quarter US trade deficit narrowed to $15.62bn from $18.39bn in the first quarter. A second quarter deficit of about $16.5bn was expected.

At the London close the dollar was unchanged from Monday's finishing level in New York at DM1.7485, but had eased from Friday's London close of DM1.7530. The US currency rose slightly to Y136.95 from Friday's New York level of Y136.90, but fell from Friday's London finish of Y137.05, and fell to SFr1.5225, from SFr1.52455 in New York (SFr1.5335 on Friday in London), while rising to FFr5.9375, from FFr5.9365 in New York (FFr5.9500 on Friday in London). On Bank of England figures the dollar's index was unchanged at 66.7.

Sterling was firmer overall, compared with Friday's close, but trading volume failed to pick up after Monday's public holiday in the UK. The pound remained third weakest member of the European exchange rate mechanism, lacking any news to move the currency.

Compared with Friday's close sterling rose 85 points to $1.6805 ($1.68015 at Monday's finish in New York). The pound also climbed to DM2.9325 from DM2.9300; to FFr9.9775 from FFr9.9475; and to Y230.25 from Y229.25, but fell to SFr2.5575 from SFr2.5625. Its index gained 0.2 to 90.7.

The French franc stayed at the bottom of the ERM grid, but was virtually unmoved by news of record unemployment or a rise in the trade deficit. At the Paris fixing the D-Mark eased to FFr3.3945 from FFr3.3950, and the Spanish peseta declined to FFr5.4495 per 100 pesetas from FFr5.4511.

French unemployment in July rose to 9.5 from 9.4 per cent, leaving a record 2,763,200 people without work. The economic picture was not made any more attractive by news that France's seasonally adjusted trade deficit rose to FFr4.27bn in July, from a revised FFr3.78bn in June.

The peseta was comfortable at the top of the ERM despite speculation about another cut in Spanish interest rates following forecasts that August year-on-year inflation will fall to 5.9 per cent from 6.0 per cent in July.

£ IN NEW YORK

Aug.27	Latest	Previous Close
£ Spot	1.6800 - 1.6810	1.6800 - 1.6810
1 month	0.79-0.76pm	0.81-0.79pm
3 months	2.12-2.09pm	2.13-2.10pm
12 months	6.87-6.80pm	6.90-6.80pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug.27	Previous
8.30 am	90.6	90.5
9.00 am	90.7	90.5
10.00 am	90.6	90.6
11.00 am	90.6	90.6
Noon	90.6	90.7
1.00 pm	90.6	90.7
2.00 pm	90.6	90.5
3.00 pm	90.6	90.5
4.00 pm	90.7	90.5

CURRENCY MOVEMENTS

Aug 27	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.7	-21.2
U.S Dollar	66.7	-12.1
Canadian Dollar	106.4	+3.3
Austrian Schilling	108.7	+11.3
Belgian Franc	110.2	-2.6
Danish Krone	107.8	+2.5
D-Mark	116.3	+23.3
Swiss Franc	109.2	+17.5
Dutch Guilder	112.9	+15.1
French Franc	101.8	-13.7
Lira	98.1	-20.1
Yen	138.1	+69.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Aug.26

CURRENCY RATES

Aug 27	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	N/A	0.699016
U.S Dollar	5.50	1.33456	1.17274
Canadian $	8.84	1.52700	1.33950
Austrian Sch	7.50	16.4511	14.4528
Belgian Franc	8.00	48.0542	42.2567
Danish Krone	9.50	9.02029	7.92244
D-Mark	7.50	2.33802	2.05405
Dutch Guilder	8.00	2.63349	2.31346
French Franc	10¼	7.93996	6.97252
Italian Lira	11½	1745.72	1532.65
Japanese Yen	5.50	182.835	160.900
Norway Krone	8	9.12839	8.02318
Spanish Peseta	-	145.699	127.934
Swedish Krona	10.00	8.47713	7.44572
Swiss Franc	7.00	2.03787	1.78960
Greek Drach	19	N/A	226.843
Irish Punt	-	N/A	0.768002

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Aug.26

OTHER CURRENCIES

Aug 27	£	$
Argentina	16687.5 - 16704.5	9945.00 - 9955.00
Australia	2.1430 - 2.1450	1.2760 - 1.2770
Brazil	641.520 - 642.410	382.200 - 382.500
Finland	7.1530 - 7.1660	4.2630 - 4.2650
Greece	320.950 - 327.350	191.380 - 195.200
Hong Kong	13.0255 - 13.0380	7.7635 - 7.7655
Iran	113.10*	69.50*
Korea(Sth)	1222.30 - 1242.00	730.30 - 736.10
Kuwait	0.48000 - 0.48020	0.29460 - 0.29470
Luxembourg	60.55 - 60.65	36.00 - 36.10
Malaysia	4.6685 - 4.6765	2.7815 - 2.7835
Mexico	5116.05 - 5120.80	3048.00 - 3049.00
N.Zealand	2.9250 - 2.9260	1.7425 - 1.7435
Saudi Ar	6.2550 - 6.3315	3.7500 - 3.7510
Singapore	2.8895 - 2.8965	1.7225 - 1.7235
S.Af (Cm)	4.8225 - 4.8335	2.8735 - 2.8750
S.Af (Fn)	5.4055 - 5.4945	3.2205 - 3.2735
Taiwan	44.85 - 44.95	26.65 - 26.70
U.A.E.	6.1240 - 6.2010	3.6715 - 3.6735

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 27	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.934	-4.26	5.63	74
Italian Lira	1538.24	1532.65	-0.36	1.49	24
Belgian Franc	42.4032	42.2567	-0.35	1.47	23
Dutch Guilder	2.31643	2.31346	-0.13	1.25	13
D-Mark	2.05586	2.05405	-0.09	1.21	14
Irish Punt	0.767417	0.768002	0.08	1.05	2
Sterling	0.696904	0.699016	0.30	0.82	-7
Danish Krone	7.84195	7.92244	1.03	0.10	-42
French Franc	6.89509	6.97252	1.12	0.00	-55

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6770 - 1.6805	1.6800 - 1.6810	0.77-0.75cpm	5.43	2.10-2.07pm	4.96
Canada	1.9160 - 1.9210	1.9190 - 1.9200	0.43-0.35cpm	2.44	1.11-0.98pm	2.18
Netherlands	3.3050 - 3.3150	3.3050 - 3.3150	½-¼cpm	1.81	1½-1¼pm	1.44
Belgium	60.30 - 60.65	60.55 - 60.65	12-8cpm	1.98	30-19pm	1.62
Denmark	11.3200 - 11.3525	11.3425 - 11.3525	1½-1orepm	1.45	3½-2¾pm	1.04
Ireland	1.0950 - 1.1040	1.0980 - 1.0990	0.10-0.05cpm	0.82	0.20-0.12pm	0.58
Germany	2.9350 - 2.9400	2.9350 - 2.9400	½-¼pfpm	1.79	1½-1pm	1.45
Portugal	250.50 - 252.00	251.00 - 252.00	43-142cdis	-4.41	167-319dis	-3.86
Spain	182.65 - 183.40	182.65 - 182.95	21-31cdis	-1.71	69-90dis	-1.74
Italy	2189.50 - 2195.50	2193.50 - 2194.50	par-2liredis	-0.55	3-6dis	-0.82
Norway	11.4600 - 11.4925	11.4725 - 11.4825	1½-¾orepm	1.11	2¼-1½pm	0.59
France	9.9625 - 9.9850	9.9725 - 9.9825	1½-1¼cpm	1.50	3¼-2¾pm	1.23
Sweden	10.6400 - 10.6700	10.6575 - 10.6675	¼-¼orepm	0.49	¼-⅜dis	-0.12
Japan	229.75 - 231.00	229.75 - 230.75	¾-⅝ypm	3.58	2-1¾pm	3.37
Austria	20.64 - 20.70	20.67 - 20.70	3¼-2⅛gropm	1.52	7¾-4⅝pm	1.18
Switzerland	2.5525 - 2.5650	2.5525 - 2.5625	⅝-½cpm	2.64	1⅞-1⅝pm	2.64
Ecu	1.4270 - 1.4345	1.4310 - 1.4320	0.17-0.11cpm	1.17	0.37-0.27pm	0.89

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.77-3.72cpm. 12 Month 6.81-6.71cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6770 - 1.6805	1.6800 - 1.6810	0.77-0.75cpm	5.43	2.10-2.07pm	4.96
Ireland†	1.5260 - 1.5300	1.5290 - 1.5300	0.52-0.47cpm	3.88	1.62-1.52pm	4.11
Canada	1.1410 - 1.1440	1.1415 - 1.1425	0.27-0.30cdis	-2.99	0.78-0.83dis	-2.82
Netherlands	1.9660 - 1.9740	1.9695 - 1.9705	0.59-0.62cdis	-3.69	1.74-1.79dis	-3.58
Belgium	35.95 - 36.10	36.00 - 36.10	10.00-11.00cdis	-3.50	28.00-33.00dis	-3.38
Denmark	6.7450 - 6.7650	6.7500 - 6.7550	2.15-2.45oredis	-4.09	6.40-6.95dis	-3.95
Germany	1.7450 - 1.7525	1.7480 - 1.7490	0.51-0.52pfdis	-3.53	1.50-1.52dis	-3.45
Portugal	149.60 - 149.90	149.60 - 149.70	115-125cdis	-9.62	345-365dis	-9.49
Spain	108.80 - 109.20	108.90 - 109.00	63-67cdis	-7.16	180-190dis	-6.79
Italy	1304.00 - 1307.50	1305.25 - 1305.75	6.50-7.00liredis	-6.20	18.60-19.60dis	-5.85
Norway	6.8200 - 6.8450	6.8275 - 6.8325	2.35-2.65oredis	-4.39	7.35-7.85dis	-4.45
France	5.9325 - 5.9500	5.9350 - 5.9400	1.90-1.95cdis	-3.89	5.58-5.68dis	-3.79
Sweden	6.3325 - 6.3575	6.3425 - 6.3475	2.49-2.74oredis	-4.95	7.65-8.10dis	-4.96
Japan	136.90 - 137.40	136.90 - 137.00	0.20-0.21ydis	-1.80	0.51-0.53dis	-1.52
Austria	12.2950 - 12.3250	12.3100 - 12.3200	3.70-4.20grodis	-3.85	11.10-12.50dis	-3.83
Switzerland	1.5200 - 1.5300	1.5220 - 1.5230	0.30-0.33cdis	-2.48	0.88-0.93dis	-2.38
Ecu	1.1720 - 1.1750	1.1740 - 1.1750	0.42-0.41cpm	4.24	1.21-1.19pm	4.09

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Aug 27	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11⅛ - 10⅞	11 - 10⅞	11 - 10⅞	10⅞ - 10¾	10⅞ - 10¾	10⅞ - 10¾
US Dollar	5⅝ - 5⅜	5⅝ - 5½	5⅝ - 5½	5⅝ - 5⅝	5⅞ - 5¾	6⅛ - 6¼
Can. Dollar	8⅝ - 8⅜	8½ - 8¼	8⅞ - 8⅝	8½ - 8¼	8⅝ - 8¼	8⅞ - 8⅞
Dutch Guilder	9⅛ - 8⅞	9⅛ - 8⅞	9⅛ - 9	9⅜ - 9⅛	9⅜ - 9¼	9⅜ - 9⅜
Swiss Franc	8½ - 8¼	8⅜ - 8⅛	8⅜ - 8⅛	8⅛ - 8	8⅛ - 7⅞	7⅞ - 7¾
D-Mark	9 - 8⅞	9 - 8⅞	9⅛ - 8⅞	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼
French Franc	9⅜ - 9⅛	9⅜ - 9⅛	9⅜ - 9⅛	9½ - 9⅜	9⅝ - 9½	9⅝ - 9½
Italian Lira	12 - 10	11½ - 10¾	11⅝ - 11⅛	11⅝ - 11¼	11⅞ - 11½	12⅛ - 11⅞
Belgian Franc	9 - 8⅞	9⅛ - 9	9⅛ - 9	9⅜ - 9⅛	9⅜ - 9⅛	9½ - 9⅜
Yen	7⅛ - 7⅛	7½ - 7⅜	7½ - 7⅜	7⅜ - 7¼	7⅛ - 7	6⅞ - 6⅞
Danish Krone	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝	9⅝ - 9⅝	9⅞ - 9¾	9⅞ - 9¾
Asian $Sing	6 - 5⅞	6 - 5⅞	6⅛ - 5⅞	6⅛ - 6⅛	6⅛ - 6⅛	6½ - 6⅜

Long term Eurodollars: two years 6⅞-6⅝ per cent; three years 7⅛-7⅛ per cent; four years 7⅜-7⅛ per cent; five years 7⅞-7⅝ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug.27	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.680	2.937	230.2	9.977	2.557	3.310	2194	1.919	60.60	1.431
$	0.595	1	1.748	137.0	5.939	1.522	1.970	1306	1.142	36.07	0.852
DM	0.340	0.572	1	78.38	3.397	0.871	1.127	747.0	0.653	20.63	0.487
YEN	4.344	7.298	12.76	1000.	43.34	11.11	14.38	9531	8.336	263.2	6.216
F Fr.	1.002	1.684	2.944	230.7	10.	2.563	3.318	2199	1.923	60.74	1.434
S Fr.	0.391	0.657	1.149	90.03	3.902	1	1.294	858.0	0.750	23.70	0.560
H Fl.	0.302	0.508	0.887	69.55	3.014	0.773	1	662.8	0.580	18.31	0.432
Lira	0.456	0.766	1.339	104.9	4.547	1.165	1.509	1000.	0.875	27.62	0.652
C$	0.521	0.875	1.530	120.0	5.199	1.332	1.725	1143	1	31.58	0.746
B Fr.	1.650	2.772	4.847	379.9	16.46	4.219	5.462	3620	3.167	100.	2.361
ECU	0.699	1.174	2.052	160.9	6.972	1.787	2.313	1533	1.341	42.35	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

THREE MONTH EUROMARK
DM 1m points of 100%

	Close	High	Low	Prev.
Sep	90.74	90.76	90.73	90.77
Dec	90.70	90.73	90.69	90.73
Mar	90.91	90.94	90.90	90.95
Jun	91.06	91.10	91.06	91.10
Sep	91.19	91.20	91.19	91.24
Dec	91.29			91.34

Estimated volume 12295 (17742)
Previous day's open int. 131160 (134119)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Sep	90.16	90.18	90.15	90.19
Dec	90.25	90.28	90.25	90.27
Mar	90.58	90.59	90.59	90.60
Jun	90.75	90.80	90.77	90.82

Estimated volume 147 (411)
Previous day's open int. 5436 (5595)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Sep	92.02	92.02	91.98	92.01
Dec	92.27	92.28	92.25	92.27
Mar	92.57	92.58	92.56	92.57
Jun	92.75	92.75	92.75	92.73

Estimated volume 1726 (1689)
Previous day's open int. 20840 (20589)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Sep	2647.0	2679.0	2642.0	2670.0
Dec	2693.0	2710.0	2697.5	2716.0
Mar	2727.0			2750.0

Estimated volume 3569 (7873)
Previous day's open int. 37783 (36521)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Sep	1135.0			1125.0
Dec				

Estimated volume 0 (0)
Previous day's open int. 224 (224)

* Contracts traded on APT after trading hours

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6805	1.6729	1.6597	1.6431	1.6129

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.6748	1.6754	1.6736	1.6764
Dec	1.6554	1.6558	1.6530	1.6568
Mar	-	-	1.6380	1.6408

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low	Yield	Open int.
September	90.55	90.56	+0.01	90.57	90.53	9.45	18,372
December	90.68	90.68	-0.01	90.69	90.67	9.31	24,721
March	90.85	90.82	-0.03	90.85	90.80	9.15	5,769
June	90.86	90.88	-0.03	90.86	90.86	9.09	1,170

Estimated volume 5,984 Total Open Interest 50,032

CAC-40 FUTURES (MATIF) Stock Index

	Open	Sett price	Change	High	Low	Yield	Open int.
August	1853.0	1849.5	-3.5	1853.0	1842.0	-	7,783
September	1866.0	1864.0	-3.0	1866.0	1856.0	-	6,545
October	1879.0	1878.0	-3.0	1879.0	1879.0	-	772
December	-	1904.0	-3.0	-	-	-	1,029

Estimated volume 10,801 Total Open Interest 16,129

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	Yield	Open int.
September	105.08	105.12	-	105.16	105.06	9.20	2,810
December		105.14	-	-	-	9.19	73

Estimated volume 717 Total Open Interest 2,883

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
102	-	-	-	-	0.10	-
103	-	-	-	-	0.20	-
104	-	-	-	0.01	0.38	-
105	0.63	1.34	-	0.02	0.68	-
106	0.05	0.85	-	-	1.10	-
107	0.01	0.48	-	-	-	-
Open int.	115,901	82,241	27,073	95,610	54,360	28,650

Estimated volume 23,691 Total Open Interest 407,885

BASE LENDING RATES

	%		%		%
Adam & Company	11	Co-operative Bank	11	McDonnell Douglas Bnk.	11
Allied Trust Bank	11	Coutts & Co	11	Midland Bank	11
AIB Bank	11	Cyprus Popular Bk	11	Mount Banking	11
● Henry Ansbacher	11	Dunbar Bank PLC	11	NatWestminster	11
B & C Merchant Bank	11	Duncan Lawrie	11	Northern Bank Ltd	11
Bank of Baroda	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Bank of Cyprus	11	Financial & Gen. Bank	11.5	Roxburghe Bank Ltd.	12
Bank of Ireland	11	First National Bank Plc.	14	Royal Bk of Scotland	11
Bank of India	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of Scotland	11	Robert Fraser & Ptnrs.	11½	Standard Chartered	11
Banque Belge Ltd	11	Girobank	11	TSB	11
Barclays Bank	11	● Guinness Mahon	11	Unibank plc	11
Beechmark Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Brit Bk of Mid East	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
● Brown Shipley	11	Heritable & Gen Inv Bnk.	11	Western Trust	11
CL Bank Nederland	11	● Hill Samuel	11	Westpac Bank Corp.	11
Citibank NA	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
City Merchants Bank	11	Hongkong & Shanghai	11	Yorkshire Bank	11
Clydesdale Bank	11	● Leopold Joseph & Sons	11		
Comm. Bk. of London Plc	11	Lloyds Bank	11		
		Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

London rates steady

INTEREST RATES held generally steady in London yesterday, as the Bank of England took out most of the day-to-day credit shortage with very large early assistance. No important economic news is expected this week.

Three-month sterling interbank was unchanged at 10⅞-10¾ per cent, but 12-month money firmed slightly to 10⅞-10¾ from 10¾-10½ per cent.

Trading in short sterling futures on Liffe was extremely quiet. September delivery opened lower at 89.27 and closed unchanged on the day at 89.29. The December contract moved up one basis point to 89.78.

Credit was in very short supply on the cash market. The Bank of England initially forecast a shortage of £1,150m, but revised this to £1,350m in the afternoon. Total assistance of £1,209m was provided.

An early round of help was offered and at that time the authorities bought £1,119m bills, including £50m bank bills outright in band 1 at 10⅞ per cent. Another £1,069m were purchased for resale to the market in equal amounts on September 9 and 10 at an interest rate of 10⅞ per cent.

There were no further operations by the Bank of England in the bill market, but late assistance of £90m was provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,338m, with the unwinding of bill repurchase agreements absorbing £885m and bank balances below target £90m. These outweighed exchequer transactions adding £690m to liquidity and a fall in the note circulation of £470m.

In Frankfurt call money rose to 8.90 from 8.80 per cent, as banks seemed reluctant to offer funds on the market ahead of an expected drain of liquidity through pension payments.

Banks reserve holdings at the Bundesbank have fallen, after reaching high levels earlier this month. Reserves on Friday were DM61.2bn, compared with DM63.1bn on Thursday, to average DM74.6bn for the first 25 days of the month. This compares with a provisional requirement for August of DM71.6bn.

No securities repurchase agreements expire this week and therefore the Bundesbank has not offered a new facility, but there was speculation about an addition of funds held by the central bank, on behalf of public authorities, if rates continue to climb.

UK clearing bank base lending rate 11 per cent from July 12, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.27) 3 months US dollars		6 months US Dollars	
bid 5 11/16	offer 5 13/16	bid 5 11/16	offer 5 13/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — *Treasury Bills and Bonds*

Lunchtime					
Prime rate	8½	One month	5.27	Three year	6.78
Broker loan rate	7¾	Two month	5.54	Four year	6.91
Fed.funds	5⅜	Three month	5.55	Five year	7.39
Fed.funds at intervention	-	Six month	5.69	Seven year	7.74
		One year	5.83	10-year	7.91
		Two year	6.43	30-year	8.15

Aug.27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.85-8.95	9.00-9.15	9.05-9.20	9.10-9.25	9.25-9.40	9.25
Paris	9⅛-9¼	9¼-9⅜	9⅛-9¼	9⅛-9½	9½-9⅝	9.25
Zurich	7⅞-8⅛	8-8¼	-	7¾-8⅛	-	-
Amsterdam	9.00-9.12	9.12-9.18	-	9.22-9.32	-	-
Tokyo	7¼-7½	7¼-7½	-	7⅜-7⅝	-	-
Milan	10¾-11¼	11⅝-11⅞	-	11⅝-12⅛	-	-
Brussels	8¾-9	9-9⅛	-	9¼-9⅝	-	-
Dublin	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	-

LONDON MONEY RATES

Aug 27	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11¼	10⅞	11	10⅞	10⅞	10⅞
Interbank Bid	9½	10¾	10⅞	10¾	10¾	10⅝
Sterling CDs	-	-	10⅞	10⅞	10⅝	10⅝
Local Authority Deps.	11⅛	11⅛	10⅞	10⅞	10⅝	10⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10⅞	10¾	10⅞	10⅞	-	-
Company Deposits	-	-	11⅛	11	10⅞	10⅞
Finance House Deposits	-	-	11	10⅞	10⅞	10⅞
Treasury Bills (Buy)	-	-	10⅞	10⅛	9⅞	-
Bank Bills (Buy)	-	-	10⅞	10⅛	10	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.73	5.73	5.85	6.12
SDR Linked Dep. Offer	-	-	7⅝	7⅝	7½	7⅝
SDR Linked Dep. Bid	-	-	7¼	7½	7½	7½
ECU Linked Dep. Offer	-	-	9⅞	9⅞	10	10
ECU Linked Dep. Bid	-	-	9⅞	9⅝	9⅞	9⅞

Treasury Bills (sell): one-month 10⅞ per cent; three months 10⅛ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10⅞ per cent; three months 10¼ per cent; Treasury Bills; Average tender rate of discount 10.1508 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1991. Agreed rates for period Aug 26, 1991 to September 24, 1991, Scheme I: 12.31 p.c., Schemes II & III: 12.38 p.c. Reference rate for period June 29, 1991 to July 31, 1991, Scheme IV&V: 11.138 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from August 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 7½ per cent; one-three months 10 per cent; three-six months 9½ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per cent from July.15,1991, Deposits withdrawn for cash 5 per cent.

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MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Charterhouse Bank Limited
1 Paternoster Row, EC4M 7DH 071-248 4000

£2,500-£19,999	9.75	7.31	10.08	Mth
£20,000-£49,999	10.00	7.50	10.35	Mth
£50,000-£99,999	10.25	7.69	10.62	Mth
£100,000+	10.50	7.88	10.89	Mth
$5,000-$49,999	4.00	3.00	4.06	Mth
$50,000-$99,999	4.50	3.38	4.57	Mth
$100,000-$199,999	4.75	3.56	4.83	Mth
$200,000+	5.00	3.75	5.09	Mth

Many other currencies are available—for rates please phone ext 2168

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

£2,000-£19,999	8.75	6.56	9.04	Qtr
£20,000-£49,999	9.20	6.90	9.52	Qtr
£50,000+	9.70	7.28	10.06	Qtr

Western Trust High Interest Cheque Acc
The Moneycentre, Plymouth PL1 1SE 0752 224141

£25,000+	10.50	7.88	10.92	Qtr
£5,000-£24,999	10.25	7.69	10.65	Qtr
£1,000-£4,999	10.00	7.50	10.38	Qtr

Wimbledon & South West Finance PLC
114 Newgate St, London EC1 7AE 071-606 9485

High Int Cheque Acc	11.25	8.44	11.73	Qtr

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year, 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

JOTTER PAD

CROSSWORD

No.7,631 Set by DANTE

ACROSS
1 Foreign affairs? (6)
4 Overtures returned with interest? (8)
9 Very much the opposite (6)
10 Muscular Charlton follower (8)
12 Features in good health (4-4)
13 Quieten down and puzzle people (6)
15 Wild hart gets one's goat (4)
16 Article on a crime wave in the western hemisphere (7)
20 Proved superior to woollen fabric (7)
21 Standing order for printers (4)
25 It's said to be polite (6)
26 Bowler, for example, had to agree to differ (8)
28 Got into a bed made incorrectly (6)
29 Note more money for cook (6)
30 What's missing in a fight is obscure (5,3)
31 Sayings of modern times (6)

DOWN
1 Local tea place, perhaps (8)
2 Completely wrong direction (8)
3 Remains holy? (6)
5 Items given for storage in a bank (4)
6 Flirting, having no head for marriage (8)
7 Intercept and separate (3,3)
8 Acted like a vandal and was dismissed (6)
11 Twin cats? (7)
14 Put down in the correct order (7)
17 Girl's given credit as an air traffic controller (8)
18 Giving speech, don't start being inaudible (8)
19 Courses for beginners (8)
22 Coolness shown by a Palestinian group doctor (6)
23 Girl bather in trouble and out of breath (6)
24 Worshipped bustle and colour (6)
27 Food bill (4)

Solution to Puzzle No.7,630

MOTHER SUPERIOR
AGAINST SETTLES
TEAL ANTIQUATED
MAGPIE MEXICAN
CROUTON USABLE
APPRECIATE STIR
EXTRACT ADIPOSE
SPORTING THESIS

WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices August 27

MONTREAL

3:00 pm prices August 27

INDICES

NEW YORK

DOW JONES

STANDARD AND POOR'S

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

CANADA

TORONTO

MONTREAL Portfolio	1882.92	1882.92	1870.13	1866.25	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

THAILAND Bangkok SET (30/4/75)	683.35	677.68	676.37	685.42	908.13 (19/4)	582.48 (16/1)
WORLD M.S. Capital Intl.(1/1/70) (5)	498.3*	496.7	500.1	502.6	529.2 (17/4)	439.1 (16/1)

*Saturday August 24: Taiwan Weighted Price: 4426.14 Korea Comp Ex. 697.74.
a Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 26 Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

■ US and Canada prices
Owing to technical problems, the day's changes shown in yesterday's FT were incorrect.

TOKYO - Most Active Stocks
Tuesday, 27 August, 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	3.7m	388	-2	NKK	2.3m	343	-2
Nippon Carbon	3.0m	1,130	+10	Keisei Elec. Rail	2.2m	1,100	-10
Showa Shell Sek	3.0m	1,810	+40	Nichido Fire Mrne	2.1m	980	+5
Mitsui Shipbldg	2.6m	530	-8	Hitachi	2.0m	1,020	0
Mitsubishi Mat.	2.5m	559	-3	Toshiba	2.0m	829	-14

هكذا من الأصل

3:15 pm prices August 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16 7/8	9 1/4	AAR Corp	0.48	0.03	17	254	16 5/8	16	16 1/4	-1/4
18 3/4	14 1/2	A L Labs A	0.16	0.01	17	1133	15 3/4	15 5/8	15 5/8	-1/8
55 3/4	40 7/8	AMP Inc	1.44	0.03	20	432	53 1/2	53 1/8	53 1/4	+1/8
68 5/8	44 1/4	AMR			11	1385	60 1/8	58 3/4	59	-1
2 5/8	1 1/8	ARX			1	92	1 3/8	1 3/8	1 3/8	
56	41 1/2	ASA x	3.50	0.08	13	273	46 5/8	46 1/4	46 1/4	-1/4
55 1/4	39 1/8	Abbott Lab	1.00	0.02	22	1289	54 3/4	54 3/8	54 5/8	
14 5/8	9 7/8	Abitibi Pr	0.50	0.03	26	5	14 1/2	14 1/2	14 1/2	
11 5/8	10 1/8	ACM Gvt In	1.26	0.11		322	11 1/4	11 1/8	11 1/4	
9 3/4	8 3/4	ACM GvOpp	1.01	0.11		34	9 1/2	9 3/8	9 3/8	-1/8
9 1/4	8 1/4	ACM Gvt Sp	1.01	0.11		206	u9 1/4	9 1/8	9 1/4	+1/8
11	9 7/8	ACM Gvt Se	1.26	0.12		418	10 5/8	10 1/2	10 5/8	+1/8
8 5/8	7 5/8	ACM Man	1.01	0.12		330	8 1/2	8 3/8	8 3/8	-1/8
12 7/8	11 1/2	ACM Managd	1.37	0.11		234	12 3/8	12 1/8	12 1/4	
7 1/2	4 3/4	Acme Cleve	0.40	0.06	17	156	6 1/2	6 3/8	6 1/2	
6	3 3/8	Acme Elect			2	2	3 7/8	3 7/8	3 7/8	-1/8
40	22 3/4	Acuson			22	856	32 5/8	32	32 1/2	+3/8
18 3/4	14 1/4	Adams Expr x	0.73	0.04	0	89	18 5/8	18 1/2	18 5/8	-1/8
20 1/8	17 1/2	Adobe12Pf	2.40	0.13		31	17 7/8	17 7/8	17 7/8	+1/8
9 1/4	6 5/8	Adobe Res			46	3	7	7	7	
38 5/8	18	Ad Micro				67	38 1/2	36 3/4	38 3/8	-1/8
14 1/4	4 5/8	Ad Micro P	3.00	0.26	18	1096	11 1/2	11 3/8	11 1/2	
5 1/8	2 1/4	Advest Grp	0.16	0.04	5	69	3 5/8	3 1/2	3 5/8	-1/8
49 1/8	33 7/8	Aetna Lf	2.76	0.08	7	2492	36 1/4	35 1/4	35 1/4	-1
10 5/8	6 5/8	Affil A	0.24	0.03	48	541	8 3/4	8 1/2	8 3/4	+1/4
20 7/8	12	Ahmanson	0.88	0.05	11	775	18 7/8	18 1/4	18 3/8	-1/2
13 1/4	2 7/8	Aileen Inc			16	193	12 5/8	12 1/8	12 3/8	-1/4
74 1/8	51 3/8	Air Pr Chm	1.56	0.02	15	628	69 5/8	69 1/4	69 3/8	-1/8
30	16 5/8	Airbne Fri x	0.30	0.01	18	635	28 3/8	28	28	-3/8
18 7/8	12 1/2	Airgas Inc			98	29	17 3/4	17 5/8	17 3/4	+1/4
15 1/4	10	Airlease	2.06	0.17	8	45	12	11 7/8	12	+1/8
96 1/2	88 1/4	AlaPw8.16 x	8.16	0.08		3	u96 1/2	95	95	-1/2
25 1/8	21 3/8	AlaPw PfA	2.00	0.08		11	u25 1/8	25 1/8	25 1/8	
105	100	AlaPw9.44 x	9.44	0.09		5	103 1/2	103 1/2	104	
[illegible]										

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
61½	43¼	Xerox4.125				z100	u51½	51½	51½	+¼
21⅜	14⅛	Xtra1 94				78	u21⅜	21¼	21⅜	+⅛
24⅞	14¼	XtraCorp	0.72	0 03	78	50	23⅝	23⅛	23⅝	+¼
24¼	21¼	YankeeEgy	1.60	0.07	11	56	23⅞	23¼	23⅞	+⅛
1½	⅞	Zapata			2	103	⅞	1⁄2	1⁄2	
8⅝	5¼	ZenithElec			1	602	6	d5½	5⅝	-⅛
18½	12	ZenithNat	1.00	0.06	98	12	16¼	16¾	16¼	
6¼	4½	Zenhincx	0.64	0 14		46	6	5⅞	6	+⅛
16⅛	10⅞	ZeroCorp	0 40	0.03	17	23	14⅜	14⅜	14⅝	
41⅜	28⅛	Zurnind	0 88	0.02	15	142	38¾	38	38	-⅝
13½	10¼	ZweigFund	1.12	0 09		211	12⅝	12⅜	12½	
10	8½	ZweigTotl	0.96	0 10		437	u10	9⅞	10	

Pricedatasuppliedby Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full

AMEX COMPOSITE PRICES

3:15 pm prices August 27

NASDAQ NATIONAL MARKET

3:15 pm prices August 27

- X - Y - Z -

Stock	Div.	E	100s	High	Low	Last	Chng
XGInx		35	5375	28¼	27¾	28¼	
XL Data		36	1272	12¼	11⅞	12⅛	+¼
Xoma Corp		10	17087	19¼	18⅜	19¼	+½
Yellow Fr	0.94	17	683	u33½	32½	32⅝	-⅜
York Rsch		47	754	6⅛	5⅝	5¾	-¼
ZionsUtah	1.44	10	75	u50	48¾	48	

AMERICA

Black & Decker features as Dow falls back

Wall Street

A RUSH of investors taking profits after last week's strong gains left share prices lower yesterday morning, *writes Patrick Harverson in New York*.

By 1 pm the Dow Jones Industrial Average was down 15.43 at 3,023.93. The more broadly-based Standard & *Poor's 500 was also weaker*, down 1.50 at 392.35 at 1 pm, while the Nasdaq composite of over-the-counter stocks was down 1.16 at 520.22. Turnover on the New York SE was light at 86m shares, with many investors and dealers taking the week off before the Labour Day holiday weekend. Declines outpaced advances by 865 to 573.

Sentiment may also have *been dented by a weak August* consumer confidence report. The Conference Board's index of confidence fell last month, primarily because of reduced optimism about the economic outlook, and fears among consumers about their employment prospects.

Share prices dipped sharply after the report was released, driven lower in part by a large sell program.

Among individual stocks, Black & Decker jumped $1⅞ to $18⅝ on turnover of more than 1m shares after Mr Daniel Carasso, an analyst at Goldman Sachs, reiterated his "trading buy" recommendation on the stock. Among the reasons why Mr Carasso is bullish on Black & Decker are the company's $150m financing deal through Newell Co, and the likelihood of a significant asset sale over the next six months. The analyst has set a three-month price target for the stock of $25.

Triton Energy, which has ridden a wave of buying based on speculation that the company might be taken over by British Petroleum, dropped $4⅞, or nearly 10 per cent, to $41 on turnover of 1.3m shares as the market digested recent filings by the company with the Securities and Exchange Commission which suggested that the reserves at a Colombian oilfield part-owned by Triton are not as great as some investors had believed. The ADRs of BP, which also owns a share of the oil reserves, eased $¼ to $70⅝.

Eljer Industries fell sharply in early trading after the company suffered an apparent setback in its lawsuit against an insurance company over liability coverage claims against its *US brass unit. However, later* in the morning the losses were regained and by midsession the shares were trading level on the day at $7¼.

News that Cineplex Odeon is planning a rights offering to raise $119.2m left the movie theatre operator $⅛ lower at $3¾. Salomon Brothers, which enjoyed a sharp rally on Monday on talk that Mr Laurence Tisch, the chairman of CBS *and Loews Corporation*, had bought 1.5m shares in the embattled securities house, dropped back yesterday, easing *$⅜ to $25⅝* in active trading.

Telefonos de Mexico climbed $1⅛ to $36⅞ as investors gambled that Mexico's economic renaissance would continue.

Canada

TORONTO stocks slipped at midday, investors drifting to the sidelines as they prepared for next Monday's Labour Day holiday.

The TSE-300 composite index fell 16.2 to 3,515.8, and declines led advances by 217 to 147 on volume of 11.8m shares valued at *C$160.8m*.

Among the most active stocks were Potash Corp which rose C$¼ to C$18¾ and Rogers Communications B shares which fell C$⅜ to C$10⅝. In natural resources, Saskoil eased C$⅛ to C$9⅛ and Placer Dome was steady at C$13⅞.

SOUTH AFRICA

JOHANNESBURG ended another quiet day mixed to slightly firmer. The all-share index closed 7 better at 3,371 while the industrial index added 14 to 4,097. The all-gold index ended 14 lower at 1,108, as Vaal Reefs lost R4 to R186.

EUROPE

Bourses come off highs on interest rate concerns

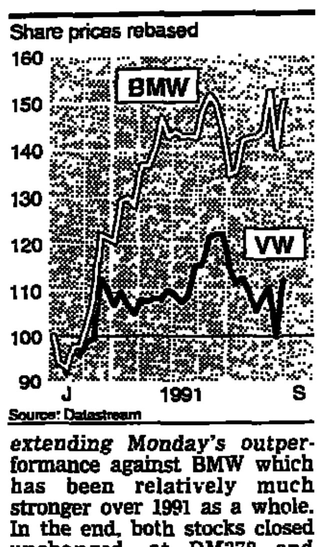
BOURSES came off their highs on renewed concern about higher interest rates, although in Spain there were hopes of a further reduction, *writes Our Markets Staff.*

FRANKFURT started higher, *the DAX index making an* intraday high of 1,665.77, but buy orders did not come in at the higher prices, said Ms Barbara Altmann of B Metzler in Frankfurt. The alternative was profit-taking, after a 10.4 per cent rise in the market in the five days to Monday, and the DAX eventually finished 7.07 lower at 1,647.12 after a fall of 2.78 to 685.43 in the FAZ at midsession. Volume stayed low *yesterday, after recovering* from DM3bn on Friday to DM4.2bn on Monday.

Pundits also talked later of conflict between Germany's renewed attractions following the collapse of the Soviet coup, and sober concerns about the domestic economy and the cost of Soviet reforms.

Among individual stocks, both of these themes were reflected in Volkswagen, which *started strongly at DM383*, its east European commitment *extending Monday's outperformance* against BMW which has been relatively much stronger over 1991 as a whole. In the end, both stocks closed unchanged, at DM378 and DM524.50 respectively.

Share prices rebased



Source: Datastream

There was interest in second liners, and the computer software group, SAP, rose DM46 to DM1,451 on good first-half results. Metzler expects SAP's earnings per share to rise from DM63 in 1991 to DM77 in 1992.

STOCKHOLM failed to be inspired by Astra's glowing interim results, and took its cue instead from a weak banking sector. The bank and finance index dipped 4.9 per cent on concerns about the troubled finance company, Gamlestaden. The Affärsvärlden general index closed 7.6 lower at 1,081.2 in thin turnover of SKr265m.

Astra free B's rose SKr7 to SKr565 after first-half profits well above market expectations. Mr Andrew Porter of Nikko Securities said the company's forecast that profits would rise by more than 30 per cent in 1991 should be viewed as conservative, since the introduction of its anti-ulcer drug, Losec into Japan last April and approval for its wider use in the US since June would have a snowball effect on earnings in the second half.

FT-SE Eurotrack 100 - Aug 27

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1123.10	1122.44	1118.91	1118.89	1118.65	1118.06	1118.91	1118.91

Day's High 1123.20 — Day's Low 1117.68

Aug 23	Aug 22	Aug 21	Aug 20	Aug 19
1112.34‡	1108.61	1100.53	1066.99	1040.76

Base value 1000 (26/10/90) ‡ Corrected.

PARIS ended slightly lower, the CAC-40 index easing 3.71 to 1,849.67 in steady turnover of FFr1.7bn. Euro Disney touched a 1991 high of FFr138 before ending up FFr4.20 at FFr136 in active trading of 378,100 shares, although there was no specific reason behind the rise. Eurotunnel was also firm, adding FFr1.60 to FFr49.70.

Defence stocks were softer in anticipation of cuts in the French defence budget. Matra fell FFr6.90 to FFr191.10. On the other hand, retailers continued to strengthen on hopes of a boost to sales as French children get ready *to go back* to school. The department store chain Au Printemps gained FFr26 to FFr867.

MILAN was slightly firmer but in thin trading on fears that the bourse's latest trading scandal could disrupt the settlement of the August trading account. The Comit index rose 1.33 to 550.95 but turnover was estimated at near Monday's thin L55bn.

After the close the bourse watchdog, Consob, said *that* the August settlement was at risk because of the share fraud. Some L100bn worth of stock, *due to be delivered by today* for settlement on Friday, is reported to have disappeared.

Cementir, the state-controlled cement company due to be privatised, stood out with a L80 gain to L2,500.

AMSTERDAM gave up early gains as political uncertainty and fears of higher interest rates prompted some profit-taking. The CBS tendency index finished 0.5 lower at 91.2.

Buerhmann-Tetterode, which supplies and distributes graphic products and office supplies, fell Fl 1.80 or 3.9 per *cent to Fl 44.20 ahead of its* interim results today.

OSLO drifted lower as profit-taking took the market down from a new 1991 all-share index high of 525.76. The index closed 1.84 down at 525.30. Turnover was an active NKr453m.

ZURICH declined in light trading, the Crédit Suisse index closing 3.8 lower at 535.4. Near the close, SBC and Zürcher Kantonalbank both announced increases in some *medium-term* cash bond rates, which were taken as a signal that Swiss interest rates are going to stay high.

MADRID took profits and the general index eased 0.92 to 272.74 after five consecutive gains. Volume was thin, falling from Pta8bn to some Pta7.6bn.

BRUSSELS finished with the Bel 20 index 2.10 higher at 1,123.96 in what one dealer called "saddeningly low" volume of BFr427m shares. Tractebel, the electricity, gas, engineering, property and construction company, rose *BFr90 to BFr7,950.0*. Morgan Stanley has cut its 1991 net income forecast from BFr9.4bn to BFr8.68bn, but its analyst maintained her 'hold' recommendation.

ASIA PACIFIC

Nikkei makes marginal gain as volume falls further

Tokyo

SHARE PRICES made marginal gains yesterday, but volume fell to 170m shares from 200m on nervousness over deteriorating supply and demand in the equity market, *writes Emiko Terazono in Tokyo.*

The Nikkei average rose 49.03 to 21,641.30 after a high of 22,064.54 and a low of 21,533.56. Losers led gainers by 570 to 323, with 196 issues remaining unchanged.

The Topix index of all first section stocks fell 3.41 to 1,691.29, and in London the ISE/Nikkei 50 index fell 0.32 to 1,288.08.

The Nikkei rose in the morning on arbitrage-related program buying prompted by a rebound in futures prices. Some investors were encouraged by reports that a Bank of Japan official had expressed concern over the lethargy of the stock market.

Profit-taking in the afternoon trimmed the early gains, but the index closed higher on late buying as dealers tried to prop up share prices.

The Japan Securities Dealers Association said that foreign investors were net buyers of *stock in July, with the buying* surplus expanding to Y390bn. Non-residents have been net buyers for the ninth consecu*tive month, with European* investors purchasing Y270bn and Asian investors Y90bn.

Domestic individuals, on the other hand, have been net sellers for the past few months. Mr Nobuhiko Matsuno, director-general of the finance ministry's securities bureau, said that 45.2 per cent, or 1,938 of the existing 4,283 unit trust funds often bought by individuals, have suffered investment losses.

Investor confidence, especially that of individuals, has been hit by the recent loss compensation scandals and analysts fear that investment fund redemptions could depress the market.

Rumours that a leading US securities house will lay off employees in Tokyo added to the market's jitters. Traders said the rumours stemmed from the heavy selling by the broker in the past few days.

High-technology issues were sold in the wake of company announcements of downward revisions for the current year *on disappointing sales. Fanuc* fell Y130 to Y4,300 and Kyocera lost Y60 to Y5,090, declining for the third consecutive day.

Housing issues lost ground on news that condominium sales for the six months to June had fallen 30.7 per cent year-on-year. Investment trusts were seen selling housing stocks. Daiwa House Industry retreated Y20 to Y1,760.

Nippon Carbon rose Y10 to Y1,130 after hitting the year's high of Y1,170. Speculative buying has encouraged active trading of the issue in the past few weeks.

In Osaka the OSE average fell 87.10 to 23,358.64 on volume of 37.6m shares. Construction, textile and distribution stocks declined.

Roundup

CHINA-RELATED rumours prompted selling in some *Pacific Rim* markets yesterday.

HONG KONG was unsettled by rumours, later denied, that China's leader Deng Xiaoping *had died and that students* were gathering in Beijing's Tiananmen Square.

The Hang Seng index fell as low as 3,963.15 before closing at 3,961.96, 39.06 below Friday's close. The market was closed on Monday. Turnover eased to HK$1.46bn from HK$1.55bn.

TAIWAN dropped in the final trading hour on the Deng rumours. The weighted index had risen to a high of 4,531 on reports that the government planned to further liberalise foreign investment in the local market but then closed 104.92 or 2.3 per cent lower at 4,411.60. Turnover was thin at T$15.26bn after T$13.93bn.

MANILA rose further on persistent speculation that the Philippines Senate will ratify a treaty allowing the US military to continue to use the Subic Bay naval base. The composite index rose 14.76 or 1.5 per cent to 1,005.23 but turnover eased to 83.48m pesos from 96.5m.

AUSTRALIA rose slightly but investors stayed at the sidelines ahead of forthcoming company results. The All Ordinaries index recovered most of Monday's loss to end up 7.1 at 1,540.1 in turnover of A$104m after Monday's A$421m, boosted by Pioneer International's sale of shares in Ampol Exploration.

NEW ZEALAND closed easier but came off the day's lows. The NZSE-40 index closed 6.83 down at 1,404.38 after recovering from a low of 1,397.02. Turnover fell to NZ$9.3m from NZ$12.2m.

Fletcher Challenge closed 1 cent higher at NZ$3.53 after trading as low as NZ$3.46 and Brierley Investments also closed 1 cent firmer at 94 cents after a low of 91 cents.

SINGAPORE finished easier in thin trading. The Strait Times Industrials index ended 3.86 lower at 1,383.12 but was off a low of 1,378.32 reached by mid-afternoon. Turnover was steady at S$53.38m after S$53.75m.

Trading in the newcomer SEEL slowed down although it still led the active list with some 1.79m shares changing hands. It lost five cents to S$1.92.

SEOUL was depressed by rumours that a small leather company was in financial difficulty. The composite index closed at 690.34, down 10.66, in slow turnover of Won196.6bn after Won233.8bn.

KUALA LUMPUR slipped in lacklustre trading. The composite index fell 3.14 to 538.60 after earlier reaching a high of 542.48. Turnover rose to M$44.8m from M$40.4m.

BOMBAY fell 1.7 per cent after stock exchange authorities raised daily deposit margins on purchases. The BSE index fell 31.14 to 1,813.68.

World equity markets back to square one

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1991	Start of 1991	Start of 1991
Austria	+0.41	-1.14	-5.97	+3.51	+2.05	-11.59
Belgium	-2.34	-1.02	+4.50	+11.41	+10.41	-4.35
Denmark	-0.87	+0.28	+14.21	+27.13	+25.37	+8.61
Finland	-3.03	-1.66	-8.58	+8.55	+6.77	-7.50
France	+0.70	+2.67	+14.07	+18.44	+16.90	+1.28
Germany	-1.36	+0.56	+2.72	+11.84	+10.10	-4.61
Ireland	-0.39	+0.75	+18.81	+20.50	+19.49	+3.52
Italy	-2.70	-4.82	-9.38	+4.79	+4.31	-9.63
Netherlands	-0.48	-0.36	+14.42	+19.61	+18.04	+2.27
Norway	-0.96	+2.75	-11.85	+13.87	+12.83	-2.25
Spain	-0.23	+0.90	+15.73	+20.72	+21.99	+5.68
Sweden	-1.66	-1.05	+9.18	+32.21	+34.91	+16.88
Switzerland	-1.62	-0.97	+19.01	+23.09	+18.21	+2.42
UK	+0.83	+2.34	+26.92	+23.17	+23.17	+6.71
EUROPE	-0.15	+1.06	+15.43	+18.93	+18.04	+2.26
Australia	-1.70	-1.22	+6.77	+21.95	+43.42	+24.25
Hong Kong	-0.99	-0.67	+42.10	+36.72	+58.53	+37.34
Japan	-1.67	-5.40	-2.28	+0.35	+14.65	-0.69
Malaysia	-0.18	-11.68	+7.12	-1.67	+10.24	-4.50
New Zealand	-0.74	-0.81	-17.05	+9.72	+23.85	+7.26
Singapore	+0.24	-7.15	+16.28	+16.87	+36.12	+17.93
Canada	+0.46	+0.00	+3.73	+6.37	+24.55	+7.90
USA	+1.88	+3.52	+29.16	+19.77	+38.51	+20.00
Mexico	+0.99	+0.38	+140.11	+100.53	+124.22	+94.25
South Africa	-3.19	-1.28	+10.12	+23.63	+49.52	+29.53
WORLD INDEX	+0.15	-0.23	+13.89	+13.13	+25.31	+8.57

† Based on August 23rd 1991. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities

By William Cochrane

THE SOVIET coup and its failure brought a range of emotions into world markets last week, from fear through euphoria to the uncomfortable feeling that not much had changed in economic terms.

There was a sense of déjà vu about performance among the big equity battalions: Japan depressed, the US ebullient *and Europe, lifted by the UK*, nonetheless distinctly average with a fall of 0.2 per cent in local currency terms against an *0.2* per cent rise for the FT-Actuaries World Index.

Market professionals may be grateful for one side-effect, the surge in stock market volumes as investors reacted to the news. Tokyo saw volume up 90 per cent to 360m shares on Monday, August 19, as the *Nikkei average dropped 6 per* cent; German market turnover more than doubled to DM9.3bn on the same day as the DAX index fell 9.4 per cent.

On Japan, Mr Patrick S. Hogan of Nomura Securities says there was disappointment in Tokyo last week that the market had not managed to recover to its pre-coup levels, but that corporate profit figures and revisions continue to be disappointing. Sentiment is still being affected by the stock market scandals.

Germany also failed to recoup its losses, at least by last Friday. However, UBS *Phillips and Drew says it is* becoming more positive on Germany – after underweighting the market for 15 *months – in the wake of the* Soviet developments.

"The level of background geopolitical risk has decreased, which will benefit Germany in particular," the broker says in its weekly report on European bourses.

Last week's biggest losers were Finland and South Africa. Helsinki moved relatively little on the Soviet coup, surprising given its geographical proximity but explicable given the depth of its economic and corporate depression. Johannesburg, too, has its economic worries but last week's malaise had much to do with the slump in the platinum market.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY AUGUST 26 1991								FRIDAY AUGUST 23 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	145.66	−0.7	128.62	126.12	132.43	123.47	−0.5	5.10	146.68	130.07	127.07	133.69	124.15	151.58	112.74	144.62
Austria (20)	175.16	+0.8	154.67	151.67	159.25	159.54	+0.8	1.77	173.84	154.15	150.61	158.44	158.34	222.37	154.82	218.16
Belgium (47)	126.60	+0.1	111.79	109.61	115.10	112.58	+0.1	5.26	126.47	112.14	109.55	115.26	112.43	151.20	118.04	144.70
Canada (114)	140.12	−0.1	123.72	121.32	127.38	116.09	−0.1	3.26	140.30	124.41	121.54	127.86	116.23	142.27	126.49	136.24
Denmark (37)	253.19	+0.2	223.57	219.23	230.19	232.48	+0.0	1.52	252.66	224.04	218.89	230.27	232.39	270.56	217.74	258.01
Finland (16)	95.01	−0.4	83.89	82.27	86.38	85.09	−0.1	2.83	95.40	84.59	82.65	86.95	85.17	125.15	89.53	124.01
France (109)	135.20	+1.3	119.38	117.06	122.90	125.90	+1.1	3.53	133.43	118.31	115.58	121.59	124.53	152.26	119.11	143.66
Germany (65)	108.73	+1.9	96.01	94.15	98.84	98.84	+1.6	2.27	106.74	94.64	92.48	97.28	97.28	125.35	94.15	124.83
Hong Kong (55)	167.28	+0.0	147.71	144.84	152.09	166.76	+0.0	4.23	167.29	148.34	144.92	152.47	166.76	169.98	119.62	119.44
Ireland (18)	153.26	−0.3	135.33	132.70	139.33	141.19	−0.4	3.54	153.69	136.28	133.14	140.07	141.82	182.46	132.88	159.84
Italy (77)	70.80	+0.0	62.52	61.30	64.36	68.97	−0.2	3.39	70.77	62.75	61.30	64.49	69.13	88.23	64.76	92.90
Japan (474)	121.94	−1.6	107.67	105.58	110.87	105.58	−1.6	0.80	123.91	109.88	107.35	112.95	107.35	146.97	118.23	126.37
Malaysia (68)	201.21	−0.7	177.68	174.22	182.93	215.67	−0.6	3.12	202.59	179.64	175.50	184.64	216.99	247.78	189.18	208.00
Mexico (16)	1159.27	+2.1	1023.66	1003.78	1053.95	3852.53	+1.8	1.41	1135.26	1006.66	983.50	1034.66	3783.92	1159.27	534.45	475.17
Netherland (31)	137.68	+0.5	121.56	119.22	125.18	123.73	+0.3	4.33	137.01	121.49	118.69	124.87	123.34	145.73	125.70	137.47
New Zealand (14)	46.19	−0.8	40.79	40.00	42.00	42.77	−0.6	7.12	46.58	41.29	40.34	42.44	43.02	54.64	41.18	61.79
Norway (32)	203.58	+2.0	179.76	176.28	185.09	188.85	+1.7	1.55	199.67	177.05	172.98	181.98	185.64	223.24	178.58	259.25
Singapore (38)	187.51	−0.2	165.57	162.36	170.47	148.92	−0.1	2.30	187.82	166.54	162.71	171.17	149.13	206.25	151.63	165.70
South Africa (61)	236.35	−0.2	208.70	204.64	214.87	168.01	−0.2	3.24	236.90	210.06	205.22	215.90	168.40	258.85	173.00	179.88
Spain (54)	150.37	+1.4	132.78	130.21	136.71	124.12	+1.2	4.32	148.29	131.49	128.47	135.14	122.82	171.12	131.51	155.80
Sweden (25)	190.01	+2.0	167.78	164.53	172.75	178.56	+1.7	2.49	186.36	165.25	161.45	169.85	175.53	204.12	146.60	201.60
Switzerland (58)	92.34	+1.4	81.53	79.96	83.96	87.47	+1.1	2.20	91.06	80.76	78.90	83.02	86.53	100.67	82.17	99.51
United Kingdom (240)	177.53	+0.4	156.76	153.71	161.39	156.76	+0.0	4.68	176.79	156.76	153.14	161.11	156.76	187.44	156.27	163.01
USA (527)	159.83	−0.1	141.14	138.40	145.32	159.83	−0.1	3.03	159.97	141.85	138.59	145.80	159.97	159.97	125.95	129.73
Europe (829)	138.72	+0.8	122.49	120.12	126.12	124.78	+0.5	3.82	137.57	121.98	119.18	125.38	124.13	151.52	125.50	141.99
Nordic (110)	186.66	+1.1	164.82	161.63	169.70	166.75	+0.9	1.95	184.61	163.70	159.93	168.25	165.23	200.81	156.55	201.34
Pacific Basin (718)	123.78	−1.5	109.30	107.18	112.54	107.63	−1.5	1.17	125.64	111.41	108.85	114.51	109.29	145.92	117.86	126.72
Euro−Pacific (1547)	130.02	−0.5	114.81	112.57	118.20	115.15	−0.7	2.30	130.69	115.88	113.21	119.10	115.91	147.66	121.29	133.28
North America (641)	158.54	−0.1	139.99	137.29	144.16	156.67	−0.1	3.05	158.68	140.70	137.48	144.64	157.01	158.68	125.91	130.03
Europe Ex. UK (589)	115.80	+1.2	102.25	100.29	105.30	106.46	+0.9	3.16	114.47	101.50	99.19	104.35	105.47	129.80	103.56	128.25
Pacific Ex. Japan (244)	142.19	−0.4	125.55	123.14	129.28	126.44	−0.3	4.43	142.79	126.61	123.72	130.15	126.87	147.60	111.40	130.13
World Ex. US (1738)	132.09	−0.5	116.64	114.38	120.10	116.65	−0.6	2.34	132.72	117.69	114.99	120.96	117.37	148.16	122.32	134.04
World Ex. UK (2025)	136.93	−0.4	120.91	118.57	124.50	127.49	−0.5	2.36	137.50	121.93	119.13	125.33	128.08	145.77	120.06	128.42
World Ex. So. Af. (2204)	139.83	−0.3	123.47	121.09	127.14	129.91	−0.4	2.60	140.29	124.40	121.55	127.87	130.45	148.66	122.92	131.20
World Ex. Japan (1791)	151.61	+0.2	133.88	131.29	137.86	143.93	+0.1	3.38	151.27	134.13	131.06	137.89	143.76	152.83	126.69	135.46
The World Index (2265)	140.46	−0.3	124.03	121.62	127.70	130.23	−0.4	2.61	140.92	124.95	122.08	128.44	130.77	149.01	123.28	131.49

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Markets closed August 26: Hong Kong and UK. Latest prices were unavailable for this edition.